遺轉 医转径子

発展を重要する い

east Asia for several months last year.

Analysts said, however, that the lo-

gistics of sending home a million workers would be difficult.

"It's easier said than done," said Abdul Razak Abdullah Baginda, ex-

ecutive direct or of the Malaysian Stra-tegic Research Center. "How do you physically do it? You need the cooper-

ation of the Indonesian government and

other neighboring countries."

He added: "You can get rid of

100,000 foreign workers in a couple of

days, but that doesn't assure that they

won't be back the next day because of

foreigners working illegally in the coun-

try. Kuala Lumpur repatriated 9,000 il-

Throughout Southeast Asia, the

In Thailand, which saw the arrival of

downturn has raised social tensions and

the rhetoric related to foreign workers.

hundreds of thousands of illegal work-

ers from Burma, Cambodia and Laos

during the boom years, an official re-cently called for a "drastic crackdown

They must be arrested and sent back

on illegal immigrants.

legal workers to Indonesia last year.

Malaysia also has around 800,000

the porous nature of our borders.'

Paris, Saturday-Sunday, January 3-4, 1998

## Malaysia Plans to Send Foreign Workers Home

As Economic Crisis Deepens, Kuala Lumpur Says It Will Deport One Million Immigrants

By Thomas Fuller

KUALA LUMPUR - Malaysia said Friday that it expected to deport a million foreign workers this year, a move that could send a wave of unemployed expatriates back to Southeast Asian nations already suffering from the region's economic crisis.

Malaysia's deputy home minister, Ta-jol Rosli Ghazali, said workers would be sent bome "in line with the government's policy of reducing foreign workers, ensuring that they are not depriving the locals of jobs." He did not give a specific timetable for the repatriation.

The official Bernama news agency reported that the foreign workers would be deported "following the move by certain sectors to reduce their work

## Still at Large In Hong Kong: Thousands of Live Chickens

By Keith Richburg

HONG KONG — Despite government yows that "no chickens will be allowed to walk free in the territory, Hong Kong was awash Friday with sightings of live birds that may carry a deadly avian flu.

And panicky residents fear that stray does, cats and rats may become the next carriers of the virus after animals were seen eating the carcasses of destroyed

With thousands of chickens appearing alive on evening television news programs, and with new worries that dead chickens had not been properly ers and others stepped up their criticism of the government's handling of the

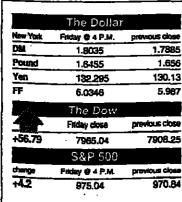
Some are demanding the resignation

we are going to make these improvements," said Mr. Tung, who had largely outbreak created widespread fears of a

"We are looking at these things very urgently," Mr. Tung said after an emergency meeting of his advisers. "We hope these will be all sorted out sometime soon.

The government announced its mass

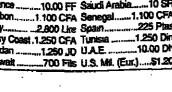
See FLU, Page 4



### Yen and Mark Fall Against the Dollar

The dollar rose sharply against the yen and Deutsche mark in late trading Friday, amid expectations the Japanese and German economies would continue to sputter in the new year. Page 10.

Newsstand Prices				
Andone	10.00 FF	LebanonLL 3,000		
Antiles	12.50 FF	Morocco16 Dt		
Cameroon	1.600 CFA	Catar10.00 QR		
Egypt	ΩF.5.50	Réunion12.50 FF		
France	10.00 FF	Saudi Arabie 10 SR		
Gabon	.1 100 CFA	Senegal 1.100 CFA		
italy	2 800 Line	Soam		
NOTY Coast	1.250 CEA	Tunisia1.250 Dir		
Jordan	1.250 JD	U.A.E10.00 D		
Kiment	700 536	U.S. Mil. (Eur.)		





to open for business.

she wailed. "The old ones are bad, but could the new ones possibly be any better? I'm using dollars. At least you can't go wrong with them."





NO PLACE LIKE HOME — A group of Kurdish refugees looking out from a charitable shelter in San Foca, Italy. The country's open immigration policy is drawing the ire of its northern neighbors. Page 2.

## When the Calendar Short-Circuits a Sale

'Year 2000' Computer Problem Proves an Early Pain for Consumers

By Rajiv Chandrasekaran Washington Post Service

WASHINGTON -- The Market Day grocery store on Connecticut Avenue in the U.S. capital, purveyors of truffles, Kalamata olives, arugula and other trendy provisions, has gotten picky about which of its customers can pay with a credit card.

If your card has a couple of zeros in the wrong place, don't leave home without some greenbacks.

The numbers the store cares about, however, have nothing to do with a customer's credit limit. It's the year the card expires that matters. Newly issued Visa and MasterCard credit cards that have expiration dates in 2000 — embossed as

cessed by Market Day's cash registers. The credit card problem has begun to plague businesses across the United States, and is providing a small but growing number of consumers with a rude — and early — introduction to the perils of the computer world's "year 2000'' problem.

Many computer systems use a twodigit dating system that assumes 1 and 9 are the first two digits of the year. Without specialized reprogramming, those computers will think 2000 — or 00 actually is 1900, a glitch that could cause many systems to go haywire.

At Market Day, for instance, if a card expiring in "00" is swiped through the register's magnetic stripe reader, "it tells us it's expired," said Chris Cullina,

The "year 2000" issue has long been viewed as a problem that will not strike with intensity until two years from now. And when it does, specialists had expected the biggest effect would be on large systems, such as those that process payroll checks or store government re-

But the credit card glitch, experts say, shows that the date problem will not solely be a nail-biting event for computer specialists trying to rewrite programs. Average people who do not use computers and owners of small businesses could be affected — and well before Jan. 1, 2000.

This has created a lot of headaches for merchants," said Cathy Hotka, vice

## The New Ruble Arrives

Skeptics Groan and Prices May Go Up Amid Switch's Confusion, but There's Still the Dollar

snow as she waited for her grocery store

'I don't know which rubles to use."

Actually, you can. But given Russia's bitter history with new bills, shaky banks and anything having to do with money, who can blame her? At midnight, mostly for reasons of convenience and national self-esteem, Russia lopped three zeros from all its rubles. A subway fare that cost 2,000 rubles on New Year's Eve now costs just 2. An American dollar, which Wednesday

bought 5,960 rubles, will not even buy

This is the third time in less than a decade that the Russian government has tried to revise its battered currency. Past results have been grim. This cosmetic change, announced last August, is essentially psychological. There is nothing radical, surprising or scary about it. Old rubles will be accepted along with the new ones for a year, and as a way to keep everyone calm, the pictures on the new bills have hardly changed at all.

But when it comes to cash, Russian history has a nasty way of repeating itself. And there has never been a ruble reform that did not end up punishing the

people who least deserve it. In 1991, the waning Soviet government of President Mikhail Gorbachev decided to change all 50- and 100-ruble notes to reduce the money supply. People had three days to exchange their money. Panic whipped through the country, there was a rush on banks, and those who held onto their old money



An elderly Moscovite checking new price tags at a store on Friday after the ruble lost its zeros in a reform that has been greeted with suspicion.

strips of colorful paper.
A similar reform in 1993, when President Boris Yeltsin withdrew all Sovietera rubles, was almost as painful.

saw it turn overnight into meaningless drastic is possible this time. And they note that although a stampede was widely expected in 1995 when new 100dollar bills, the single most important

See RUBLE, Page 11

## Kenya Tally **Shows Moi** On His Way To Victory

**But 2 Rival Candidates** Call the Voting Rigged And Seek New Election

By James C. McKinley Jr.

NAIROBI - President Daniel arap Moi, the 74-year-old master politician who has led this country for 20 years, appeared headed toward victory Friday in Kenya's flawed and chaotic elections, with the first official tallies showing him comfortably ahead of his four

main challengers. But the two top opposition candidates, Mwai Kibaki of the Democratic Party and Raila Odinga of the National Development Party, called on election officials to cancel the results, contending that the returns had been hopelessly skewed by widespread ballot shortages. delays and, in some cases, outright

They accused Mr. Moi's governing party of rigging the results in favor of the president and called on the Kenya Electoral Commission to hold a new

poll within three weeks.
"We want justice," Mr. Kibaki said at a news conference. "The ordinary Kenyan queued for two days and did not get the ballot to vote. Surely he has the ght to vote.

Shortly before the opposition candidates spoke, leaders in Mr. Moi's party, the Kenya Africa National Union, urged the opposition to accept defeat and warned that the government would come down hard on any politician who incited

violence after the results were in. "Now that the will of the people has been expressed through the ballot, all those concerned should accept the verdict of the people," the governing party said in a statement

The election was widely seen as a test of how far Kenya has progressed from the autocratic one-party state Mr. Moi constructed in the 1980s to a democracy on the Western model. Mr. Moi's opponents have charged that graft and orruption thrived for decades in his government, leaving the economy and infrastructure of this once prosperous former British colony in shambles.

In 1992, Mr. Moi reluctantly agreed to accept multiparty elections after heavy international pressure was brought to bear. But he won the election that year with only 37 percent of the vote, largely because the opposition was split along tribal lines while his coalition of small tribes from the Rift Valley and coast voted as a block.

The first official returns in this year's race show little has changed. In a midafternoon statement, election officials said that with 126 of Kenya's 210 constituencies tallied, Mr. Moi had 1,538,116 votes, well ahead of his nearest challenger, Mr. Kibaki with

1.276,096 million votes. The announcement confirmed an unofficial count broadcast on state television Friday morning, which showed that with 163 constituencies counted, Mr. Moi was leading Mr. Kibaki by nearly 300,000 votes — about 1.9 mil-

lion to about 1.6 million. Perhaps more important, the president has so far managed to pull more than a quarter of the vote in five of the country's eight provinces, avoiding a runoff election under an unusual electoral rule that is designed to make sure the president does not have support from only one region, according to unofficial counts on state television.

See KENYA, Page 4

## Are French Warming Up For Another Explosion?

Wave of Violence Linked to 'Marginalization' urbs around Paris on New Year's Eve,

By Anne Swardson Washington Post Service

PARIS - Paris is not burning, but the rest of France looks hotter these days. A series of violent incidents around the country in the last few weeks, including the burning of 62 cars by about 300 youths in the city of Strasbourg overnight on New Year's Eve and New Year's Day, has given rise to fears France may be on the verge of another outburst of strikes and riots.

Two young men were killed by the police in different cities in late December, prompting car-burnings and other street protests. Bus drivers around France have been sporadically striking for weeks to protest nighttime aggression against them by young riders, including being spat upon, kicked and hit with baseball bats. Several hundred unemployed workers and their supporters are occupying 13 unemployment of-fices around the country, demanding year-end bonuses in their benefits. In addition to the violence in Stras-

bourg, 59 cars were burned in the sub-

according to press reports.

The incidents may be random, or related to the holiday season and warmer-than-normal weather. But such violence nearly always raises concerns in France, a country known since 1789 for explosions of public anger that can overthrow governments, reverse government policies and bring new faces to public power. Last year at this time, only a handful of violent events marked New Year's.

Although French newspapers and television usually do not say so, the vast majority of the perpetrators are of Arab and North African extraction, residents of the grim and hopeless housing complexes that ring Paris and many other major French cities. Young members of these communities, overwhelmingly jobless regardless of their level of education, feel they have little chance of integrating into French society, an ex-

"There is a real problem of mar-

See FRANCE, Page 4

### Banking officials say nothing so AGENDA

### Niger's Ex-Leader **Arrested for Plot**

NIAMEY, Niger (Reuters) -The former prime minister, Hama Amadou, was arrested Friday after the authorities linked him to an alleged plot to assassinate President Ibrahim Bare Mainassara. Mr. Amadou's political party

called the alleged plot a fabrication by an "authoritarian and unpopular leadership" bent on plunging the country into civil war. The capital, Niamey, remained calm.

In January 1966, Mr. Mainassara, then army chief of staff, toppled Mr. Hama's government.

Love of a Sport Killed Kennedy

THE AMERICAS

INTERNATIONAL Netanyahu Postpones Budget Vote Books. Page 7 Crossword. Оріпіоп ... .... Page 6. Pages 18-19.

## **EU Phone Market Open? German Users Cry Foul**

Ex-Monopoly Imposes Big Fee for Switching

By John Schmid International Herald Tribune

FRANKFURT - Europe's new era of open competition in telecommunications was in its second day Friday when Germany's powerful former state monopoly, Deutsche Telekom, popped a surprise on its customers and rivals: a steep new fee on subscribers who decide

to take their business elsewhere. Deutsche Telekom AG, which has angered callers for years with high prices, announced that it would charge customers 95 Deutsche marks (\$53) if they switched to another long-distance

The move prompted angry accusa-tions of obstructing competition from Telekom's rivals.

Several companies rushed to file complaints with Germany's telecommunications regulator, saying the disconnection charge amounted to a fine on customers who switched to a competitor.

The case will be closely watched because Germany is Europe's largest and most hotly contested telecommunica-

tions market. It will test Bonn's newly created telecommunications regulator, which must strike a balance between the interests of consumers, new competitors and Telekom, which is still majority owned by the government.

The case also reflects the hurdles many challengers face in Europe's bigbang deregulation, especially in Germany, where new operators must cope with protracted negotiations for the right to connect to Telekom's network, and where some start-ups have suffered delays in inaugurating their services.

"Telekom wants to hinder competition with high fees," said a spokesman for O.tel.o Communications GmbH, an upstart carrier based in Dusseldorf and owned by the German industrial groups VEBA AG and RWE AG. "That is why we decided to call on the regulators."

Elmar Huelsmann, deputy chairman of Mannesmann Arcor AG, another challenger that filed a complaint, said, 'We assume it is a clear competition violation by the former monopoly." He

See COMPETE, Page 4



By John Tagliabue

ROME - After a second ship packed with hundreds of Kurdish refugees was intercepted off the Italian coast in less than a week, Italy found itself caught in a crossfire between its northern European neighbors and Turkey over its open-door policies toward such immigrants.

The Panamanian-flag vessel with more than 700 Kurds aboard was adrift and without a captain when it was intercepted Thursday and escorted by Italian naval vessels to Otranto on the heel of Italy's boot, according to Italian news reports. Last Saturday, 825 refugees, mostly Kurds from Turkey and Iraq, were evacuated from a ship that ran aground on the southern Italian coast.

The latest wave of Kurdish refugees, most of whom come from Turkey, has stoked fears in northern Europe, particularly Germany and Austria, that Italy's open attitude and porous borders will enable thousands of immigrants to slip illegally into their countries. The long Italian coastline is virtually

indefensible against refugees. In numerous waves in 1997, 16,000 Albani-

Germany and Austria often seen as a major cause of the Fear Immigrant Wave

ans fled political turmoil at home and escaped to southern Italian ports. Now, the arrival of the Kurds may prove to be a more intractable problem than that of the Albanians, most of whom were ultimately repatriated under an agreement with the Albanian government.

Bonn fears that many of the Kurds will exploit a 15-day period that Italy allows to determine their status and will leave for Germany, which offers better job opportunities and an established Kurdish community.

The Italian government, under heavy pressure from Roman Catholic charitable organizations and human rights campaigners, has thrown open its arms to the Kurds. In an annual New Year's Eve address in Rome, President Oscar Luigi Scalfaro affirmed that Italy's "doors must be wide open" to refugees who flee "because they are living with

But he urged the European Union to seek dialogue with such nations as Turkey, whose shaky human rights record is

refugee problem.

After a government meeting this week, Interior Minister Giorgio Napolitano said there was "no doubt" about the persecution of the Kurds "in Iraq and certain regions of Turkey." Italy, he said, would take a "positive attitude" toward Kurdish requests for political asylum.

Turkey, which is smarting from a recent rebuff of efforts to join the European Union, is particularly sensitive to accusations that it is trodding on the rights of its Kurdish minority. It views its military actions to put down Kurdish separatism in the southeastern region of the country as a purely domestic matter and fears that any international discussion could lead to outside intervention. Meanwhile, the Italian authorities, as

parties to the so-called Schengen group of European countries that have begun phasing out border controls, are being scrutinized by their neighbors to the north, most notably Germany and Austria. Italian officials confirmed Thursday that the Austrian authorities had reinstated controls at crossing points on their southern frontier with Italy. The Suddeutsche Zeitung said in an



Two refugee children looking pleased with their new surroundings, a migrant shelter near Brindisi in southern Italy, as a policeman looked on-

editorial on Wednesday that the Italian actions "confirmed the fears of Germany" about the inclusion of southern European countries in the Schengen arrangements. The newspaper recalled

that as recently as November, senior police officials from Bonn had visited Rome to insist on tougher measures against illegal immigration and had been given assurances of strictness by Italy.

## Violent Storm Pummels France, Britain and Spain

BREST, France -- Violent winds ripped across the Atlantic Coast of France on Friday, killing a truck driver whose cab

was crushed by a falling tree, the police said.

The high winds and driving rains also caused power cuts in Brittany and forced the cancellation of ferry service between the mainland and Belle Ile, off the southern coast of

Winds of more than 150 kilometers an hour (90 miles an hour) were recorded in Britanny and Normandy, and the The authorities warned people to stay away from the seaside to avoid being washed away by the pounding ocean.

Seas were expected to swell up to eight meters (26 feet).

The storms — associated with a cold front from the North Atlantic moving across France and southern England — were expected to subside late Friday, but further violent winds were

expected Sunday, weather forecasters said. In Britain, three people, including a baby, were killed Thursday in a head-on collision in Gloucester blamed on fierce storms pounding the west of England, the police said Friday. Forecasters there warned of winds of up to 145 kilometers

In Spain, authorities said a storm sank about a dozen boats, including a 27-ton fishing boat, in the northern port of Puerto de Vega. No injuries were reported.

BRIEFLY

Saturday. Motorists were urged to stay off the roads, particularly

on the west coast of Scotland and in Northern Ireland.

## Scientists Find Gene Mutation Resistant to **AIDS Virus**

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The Associated Press

PARIS - French researchers have discovered a hereditary genetic mutation that appears to provide resistance to the virus that causes AIDS, a medical journal reported Friday.

The findings are reported in the Jan. 3 edition of the British medical journal Lancet.

For more than a year, American and European researchers have been pursuing the hypothesis of molecular mutations that would naturally provide protection against AIDS.

A team created by Dr. Alberto Beretta at St. Joseph's hospital in Paris and Dr. Luc Montagnier of the Pasteur Institute, who is the co-discoverer of the AIDS virus, took blood samples from 18 men at high risk who over time did not contract the virus, the Lancet article said. The AIDS virus enters the cells of

humans with the help of proteins called receptors. Researchers have previously noted that individuals resistant to AIDS have two copies of a gene mutation—called Delta 32—in one of the protein receptors, called CCR5.

The latest discovery, however, reveals that it is the Delta 32 combined with a second mutation - called m303 - that helps people remain uninfected despite frequent unprotected sex with infected partners.

In the study, conducted by 10 scientists, one man who had both mutations and had been repeatedly exposed to the AIDS virus displayed a natural resis-. tance. His father and sister also had the same genetic configuration, which appears to be inherited, the journal said.

The researchers then wanted to find out whether this mutation existed only in one family, or in the general population. They tested 209 healthy blood donors and found that three had the m303 mutation, indicating it was not unique to one family. The article said scientists believed the presence of the m303 mutation in Euro-

pean countries was "appreciable."

French media, including the newspaper Le Monde and LCI television, said that in the future, such naturally resistant molecules could be artificially produced and perhaps used to help provide resistance to people already infected with AIDS.

## **Press Names** Official Whose Son Sold Hash

By Tom Buerkle ional Herald Tribune

LONDON - The story has been a boon for the British press during the year-end holiday lull: The son of a senior government minister was caught selling £10 worth of cannabis to a tabloid journalist in a London pub.

For a week, the press has raked over every detail in a seeming search for a morality tale fit for modern Britain.

Should the minister resign? Should the press flout a law protecting the privacy of minors involved in criminal proceedings and name the minister? Is the government's tough anti-drug stance out of step with a society that increasingly indulges in drugs?

One of those questions was answered Friday when the High Court lifted an injunction against naming the minister, who turned out to be Jack Straw, the home secretary, who is responsible for leading the government's fight against drugs and crime.

Mr. Straw recently proposed a network of parenting classes that parents of delinquent children would be compelled to attend. "Parents are responsible for their children," he told The Daily Telegraph in an interview just before his son's case broke.

At a hastily arranged news conference, Mr. Straw talked of his "shock and concern" after The Daily Mirror, a normally pro-government tabloid, told him that his 17-year-old son, William, had sold hashish to a Mirror reporter on Christmas Eve. He promptly marched his son to a south London police station, where the youth acknowledged making the sale of 1.92 grams (0.07 ounces) of hashish and the Mirror printed the article without naming Mr. Straw or his son.

Government prosecutors are expected to announce this coming week whether to press criminal charges or let William off with a caution, a common recourse for small transactions of soft drugs. Mr. Straw insisted that his son would not receive special treatment, and he appealed to the press not to single William out for harsher coverage because of his father's position.

Mr. Straw won immediate backing from Prime Minister Tony Blair, who said through a spokesman that Mr. Straw had "acted honorably and correctly throughout this episode.'

The opposition Conservative Party refrained from any immediate criticism. Sir Brian Mawhinney, the party's spokesman for home affairs, expressed sympathy for Mr. Straw and his family and said he had no intention of de-

manding Mr. Straw's resignation.

The case is likely to add fuel to a growing national debate about drug policy. Mr. Straw has headed the Labour government's campaign against drugs, which included the naming of a U.S.-style drug "czar" in the autumn.

### Did London Spy on Partners? European Allies Were Targets, Ex-Intelligence Officer Says

A boat struggling to leave the harbor in Conquet, western France, under heavy winds.

LONDON - Britain has spied on its European partners, a former British in-

telligence officer told a newspaper re-porter whose article appeared Friday.

Michael Cockerell, writing in the Guardian, said he had spoken to the former officer while making a documentary film for the BBC about the job of foreign secretary.

'Of course we're all spying on each other," the former officer, who had worked at government communications headquarters but was not otherwise identified, told Mr. Cockerell.

"It would be as vital to know where your European partners are coming from as it was to know the order of battle of Soviet forces during the Cold War," Mr. Cockerell quoted the former officer

as saying.

Mr. Cockerell's documentary, "How
to Be Foreign Secretary," is to be
shown on BBC 2 television Sunday.
Because Foreign Secretary Robin
Cook declined to talk about covert surveillance, Mr. Cockerell sought out his predecessors and other officials. Did David Owen, who was foreign

secretary between 1977 and 1979, receive intelligence on Britain's European partners? "A bit," Mr. Cockerell quoted Mr. Owen as saying. Lord Robin Renwick, whose diplo

matic career spanned 30 years, said that Britain has "intelligence coverage of all really important negotiations that Britain is involved in." He was vague about whether this included European

## New Czech Cabinet Sworn In

PRAGUE — The new Czech prime minister, Josef-Tosovsky, pledged Friday that his government would step up economic reform and privatization and strengthen efforts to fight crime and corruption.

President Vaclav Havel formally appointed Mr. Tosovsky's 16 ministers, who were named Wednesday, at a brief ceremony in Prague Castle.

A former central bank governor appointed after the government of Vaclav Klaus collapsed over a party fi-nancing scandal, Mr. Tosovsky said he would present his program to Parliament within 30 days. (Reuters)

### Army Returns to Belfast Streets

BELFAST — British Army foot patrols will return to Belfast to reassure the Roman Catholic and Protestant communities after a spate of sectarian killings, the British sec-

retary for Northern Ireland, Marjorie Mowlam, said Friday. Ms. Mowlam said the situation was serious but not out of control and increased security steps would include the "return of foot patrols with the army in Belfast." Those were lifted some weeks ago. Northern Ireland's police chief, Ronnie Flanagan, had warned that the province could face more bloodshed.

### French Aide Rejects Referendum

PARIS — The French minister for European affairs, Pierre Moscovici, said Friday that a joint vote of the National Assembly and Senate was preferable to a referendum as a way of making the constitution compatible with the European Union's Amsterdam Treaty.

Mr. Moscovici was commenting in a radio interview on a ruling by France's Constitutional Council on Wednesday. which said the constitution would have to be revised before ratification of the Amsterdam Treaty, which was agreed to

## Kaunda's Lawyers Go to Court

LUSAKA, Zambia — An unshaven former President Kenneth Kaunda, accused of fomenting a failed coup, appeared in court Friday, where his lawyers demanded an easing of his house arrest and a speedy trial, or his release. Britain, meanwhile, canceled a min-

ister's trip to Zambia to protest the government's actions against Mr. Kaunda. "It would be wrong for me to visit so long as Dr. Kaunda remains in custody

but uncharged, and in the absence of a commitment from the Zambian authorities that I will be able to see him, Foreign Minister Tony Lloyd said in a Mr. Kaunda, 73, spoke to about 50

side the high court in Lusaka. He said the government, not he, was on trial and urged his backers not to be bitter.

By speaking, Mr. Kaunda may have

technically violated the terms of his house arrest, which forbid him from participating in political activities and speaking to the media. Mr. Kaunda was arrested Dec. 25 under a state of emergency enacted Oct. 28 after the govemment asserted it had stopped an attempted coup. He has repeatedly denied volvement in the coup attempt.

After a three-hour hearing, Judge James Mutale said he would rule Jan. 6 on an application to force the govern-ment to charge Mr. Kaunda.

### WEATHER



r. will One storm start to chill eastarn China, rough and west of Scotland, Korea and Japan to a less-while, keeping all of the very cold er degree. Rain, drizzle I warm at north of Europe Sunday and fow will stow travel and States. through Tuesday. But high possibly delay flights to ghis to winds and rain will deal Hong Kong, Taipai and Sulfaco, flights at times in London it and and Pans, as well as Armswetter will continue warm and humid with no major weather will critique warm and humid with no major weather will evit no major weather systems.

Have Stocks Topped?
Stocks Will Have a Bear Market. SUPERIOR Selection of Managed Accounts
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## TRAVEL UPDATE

### Paris Train Stations Brace for Rush

PARIS (AFP) - Train stations here were bracing for mammoth crowds of boliday travelers over the weekend, with the peak Sunday, when 300,000 people were expected to arrive.

A total of 1,850 trains were due to arrive in the city over the weekend, the state railroad said. Extra staff wearing red sweaters will be on hand to help direct travelers.

## El Al Offers European Pilgrimages

JERUSALEM (AP) — El Al is offering ultra-Orthodox Jews one-day pilgrimages to the tombs of rabbinical sages in

The first flights, to Hungary and Poland, will begin in March. Strictly kosher meals are guaranteed and the \$399 price includes a visit to a synagogue and to a mikvah ritual bath.

One of the few predictable elements of travel. Middle East 21/70 15/90 sh 24/76 16/61 pc 17/82 11/92 sh 16/61 11/82 sh 18/84 12/93 pc 17/92 8446 c 10/90 24/7 s 10/90 44/90 c 12/93 54/1 s 13/96 44/90 pc 23/73 64/3 s 29/79 64/3 s 16/61 84/6 pc 17/92 12/93 c Over 300 of the World's finest hotels in 68 countries. 19/66 11/52 pc 34/93 22/73 pc 19/65 11/52 s 24/75 94/8 sh 51/96 22/73 pc 23/73 15/59 r 18/94 11/52 pc Your Host Today 18/64 10/50 po 33/91 22/71 5 20/68 16/60 a 24/75 94/8 c 32/89 23/73 pc 26/79 16/61 sh 18/61 84/6 c

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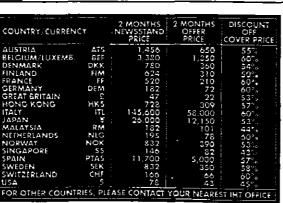
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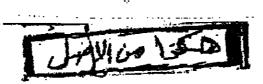
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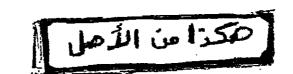
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# Football Game Resistant on Skis Caused Kennedy's Fatal Accident

By Michael Janofsky New York Times Service

ASPEN, Colorado - His friends and relatives knew him as a fearless and expert skier. But when Michael Kennedy. the 39-year-old son of Robert F. Kennedy died in a skiing accident here, he was pressing conventional limits by playing a game that Kennedys have engaged in for generations, football-on-skis.

Friends and eyewitnesses said Thursday that when Mr. Kennedy crashed into a tree Wednesday on the mountain that overlooks the center of town, he was tossing around a small football with sev-

eral relatives and lost control of one ski. The collision caused a major head injury and, after repeated efforts to stabilize him at the scene and later at a local hospital, he was pronounced dead about 90 minutes after the accident.

'He was close enough to a tree on left side that he couldn't avoid it," an eyewitness to the collision said, who spoke on condition of anonymity. "But it was not like he was skiing recklessly. Michael is the best skier, a tremendously gifted athlete who could ski downhill backwards and blindfolded."

The witness said Mr. Kennedy was not going especially fast at the time. But a family friend who is an expert skier said he had once been invited to play the football game, but after watching, he said, he was scared off.

"It is very, very dangerous," said the friend, who declined to be identified. 'They divide the mountain into fields with the next goal being a tree or a sign. Whoever gets to the ball gets a point and gets to throw the ball again. They don't play with poles; they give them to some-

"They hang at the top of the mountain till everybody is off the hill, so they don't endanger anybody else," the friend continued. "It is Kennedyesque. There is a lot of laughing, vigor, ex-

citement and a big rush.' Friends of the family who were skiing with Mr. Kennedy on Aspen Mountain's Copper Bowl, an intermediate run, said that at the time of the collision, Mr. Kennedy was part of a group of several dozen people playing the game. The group included Mr. Kennedy's brother, Max; their sister, Rory, and Mr.

Kennedy's three children. Reflecting the fondness for touch football Kennedys have had ever since John F. Kennedy was president, skifootball was a game the family of Robert F. Kennedy had played for three decades of holiday vacations here and else-

where, close friends of the family said. But never before had the games produced any tragic results. As the slopes were clearing of skiers on their final runs Wednesday, members of the Kennedy group passed around the small football.

At some point on the Kennedys' final At some point on the Kennedys final run Wednesday, a close family friend said, "Michael apparently became distracted by the ball and went into a tree head first."

The eyewitness said that Mr. Kennedy had "lost an edge," which, in the parlance of skiing, means one ski slipped from his control, possibly on a patch of ice, throwing him off-balance. By Thursday morning, Mr. Kennedy's relatives who were here with him, including his mother, left for the

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sachusetts, where a wake is scheduled for Friday and a funeral for Saturday. The Colorado Department of Health said that in a typical ski season. 10 to 12 people die here as a result of ski in-

family compound in Hyannisport, Mas-



The Copper Bowl run in Aspen, where Mr. Kennedy, an expert skier, died after he crashed into a tree.

## A 'Continuum' of Kennedy Suffering

By Dan Balz Washington Post Service

WASHINGTON - There was a terrible familiarity about the death of Michael Kennedy on a ski slope in Aspen, Colorado, on New Year's Eve, a tragic ending to a difficult year for a family now defined almost as much by suf-fering and scandal as by its great ac-

complishments. Michael Kennedy's death on a mountainside at age 39 is but the latest in what has been a decades-long roster of pain

and anguish for the Kennedys. Throughout, they have carried on a commitment to public service.

"They've had more power, more money, more tragedy, more adversity," the historian Michael Beschloss said Thursday. "Almost on a Shakespearean

Last year saw the family reputation tarnished by revelations that Michael Kennedy had carried on an affair with a former family baby sitter, allegedly beginning when she was 14. The uproar in Massachusetts forced his brother, Representative Joseph Kennedy 2d, Democrat of Massachusetts, to abandon his plans to run for governor in 1998. Then came the publication of Seymour Hersh's "The Dark Side of Camelot," a portrait of the sexual and other peccadilloes of President John

The reactions to Michael Kennedy's death Wednesday were almost universal in pointing out how much suffering the Kennedys have endured.

'l don't know anyone who can match the sort of continuum of sadness this family has had," said the mayor of Boston, Thomas Menino. "And maybe that's the price you pay for great glories."

The legacy of tragedy dates from World War II, when Joseph Kennedy

Jr., the eldest son of Joseph and Rose Kennedy and the young man tapped by his father to begin to build a political dynasty, was shot down over the English Channel and died at 29.

Later came the assassination of President Kennedy in 1963 in Dallas. Five years after that, the former president's brother Robert was shot and killed in Los Angeles moments after accepting victory in the California presidential primary. The next year, their brother the senator, Edward Kennedy, drove his car off a bridge on Chappaquiddick Island in Massachusetts. He survived, but his aide Mary Jo Kopechne was killed.

The 1980s and 1990s brought new problems to a new generation of Kennedys. Robert Kennedy's son David died of a drug overdose in 1984. William Kennedy Smith was charged with rape at the family home in Palm Beach, Florida, but was acquitted by a jury in 1991.

Michael Kennedy's life seemed a metaphor for the family, combining service and scandal. He was the middle of 11 children and was only 10 years old when his father was assassinated in 1968. He worked with his brother Joseph at a nonprofit energy company in Massachusetts and helped establish Stop Handgun Violence. He also wrestled with alcoholism.

"He was smart, focused and had a real energy and intensity to him," said Charlie Baker, a Democratic political consultant who was a friend of Michael's. 'He had a real commitment, a real love and respect for public service."

Three Kennedys still serve in Congress and another, Kathleen Kennedy Townsend, is the lieutenant governor of

But Mr. Beschloss said that for a new generation of Americans that barely remembers John or Robert Kennedy, the personal problems of the younger Kennedys have done as much to define the family's image as their public contributions.

'The currency is devalued from what it was in the 1960s," he said. .

## **Health Care Planner** Gets a New Drubbing

Ruling Comes Back to Haunt Ira Magaziner

By James Bennet New York Times Service

WASHINGTON - For more than two years, Ira Magaziner had managed to keep his head down.

Once a favorite target of Republicans, a symbol of White House overreaching and arrogance for his role in drafting an ultimately failed national health care plan, Mr. Magaziner, as gaunt, rumpled and intense as ever, had been laboring in studied obscurity, devising the Clinton administration's ap-

proach to regulating the Internet.

The health care plan he once proposed would have remade one-seventh of the nation's economy. But in his second, quieter life in the White House, he championed industry self-regulation, urging President Bill Clinton to let the

Then, two weeks ago, Mr. Magaziner's telephone rang at his home in Washington and plunged him back into the health care morass. How, a reporter wanted to know, did he respond to a federal judge's ruling that less than two months into the administration's first term, he submitted a dishonest affidavit about the health care planning?

Mr. Magaziner had thought that a U.S. attorney's inquiry into the matter had exonerated him two years ago.

"He was right on the verge of emerging as someone who was a serious player on a serious issue," a sympathetic White House official said of Mr. Magaziner's work on Internet policy, "and this thing was a blind-side tackle."

Mr. Magaziner, 50, quiet and austere, stands out among the backslapping politicians at the White House. He rarely attends meetings of the senior staff these days, and when he does he almost never speaks.

Now senior adviser to the president for policy development, Mr. Magaziner says that he offered to resign after the health care plan failed in 1994 but that

Mr. Clinton asked him to stay. The case that produced that ruling is evocative of the heady early days of the administration, when Mr. Clinton dreamed of creating more sweeping government programs than he has sought since. Along with the first lady, Mr. Magaziner was at the center, feverishly assembling a team of hundreds to expand federal regulation of health care.

Mr. Magaziner and Mrs. Clinton tried to conduct their team's deliberations in secret, maintaining that confidentiality was the only way to keep the plan from being picked apart by interest groups before it was even completed. But that effort contributed to an appearance of high-handedness. One group sued the government, arguing that because not all participants were government employees, federal law required that meetings of the health care planners be open

to the public. It was in response to that suit that Mr. Magaziner, on March 3, 1993, submitted his 13-page affidavit, a dense description of the administration's planning stuffed with references to hodies like "the infrastructure/integrated health plans cluster." The affidavit described the role of outside consultants in that planning but, in what proved a fateful sentence, said, "Only federal government employees serve as members of

the interdepartmental working group."

In December 1994, after discovery proceedings had produced numerous White House documents detailing the health care planning process, the judge, Royce Lamberth, called Mr. Magaziner's statement "misleading, at best."

Judge Lamberth asked federal prosecutors to investigate whether Mr. Magaziner had commined perjury or

criminal contempt of court. The resulting inquiry, led by Eric Holder Jr., then a U.S. attorney, found 'no significant evidence' that Mr. Magaziner's declaration "was factually false, much less that it was willfully and intentionally so.

Mr. Magaziner and other White House officials say they assumed that his legal troubles were over. But on Dec. 18, Judge Lamberth weighed in again. to determine penalties and attorneys' fees sought by the plaintiffs.

Where Mr. Holder had seen fuzzy language and sloppy paperwork. Judge Lamberth saw a deliberate effort by high-level administration officials to deceive the court.

Mr. Magaziner seems to regard the case as Lamberth v. Magaziner. "I've been controversial in my life for my political views, that's fine, that's, you know, democracy." he said, speaking in staccato bursts. "But nobody, even opponents in the things I did be-

### POLITICAL NOTES

### Leading Conservatives Clash Over Judicial Appointments

WASHINGTON -- Responding to an unusually pointed complaint by Chief Justice William Rehnquist about the Senate's slow pace in confirming federal judges, the chairman of the Senate Judiciary Committee has defended the Senate's performance and said the courts themselves were partly to blame for their heavy caseloads.

Senator Orrin Hatch, Republican of Utah, said that while he respected the chief justice's opinion, he disagreed with Mr. Rehnquist's assertion that the courts were overburdened because of a large number of judicial vacancies.

Mr. Hatch's comments put two of the nation's leading conservative voices on opposite sides of a vigorous debate over the Senate's handling of judicial appointments. On one side are Mr. Hatch and his fellow congressional Republicans, who have delayed consideration of many of President Bill Clinton's nominees, asserting that the White House is trying to pack the courts with "activists," or judges who would interpret laws more broadly than Congress intended. The White House has contended that its nominees are highly qualified and within the mainstream of legal thought and should have their qualifications debated While Justice Rehnquist had some criticism for the

administration - saying that the president had sometimes been too slow in making the nominations — he said in a report issued Wednesday that the Senate bore greater blame for failing to act in a timely fashion on the nominations it

### Clintons in the Caribbean

ST. THOMAS, Virgin Islands - President Clinton moved his winter vacation farther south Thursday and established his family and new dog, Buddy, in a beach house in the Caribbean.

After putting in his 14th annual appearance at the Renaissance Weekend of seminars and talk at Hilton Head, South Carolina, Mr. Clinton and his family flew to the Virgin Islands, where they planned to spend four days. The president brought along some work - a "fat little notebook" of ideas to sift through as he works on the State of the Union Address he will deliver Jan. 27.

### Quote/Unquote

Lee Brown, 60, who is becoming the first black mayor of Houston, where the economy is strong and crime is down: The challenge I have is to pull everybody together and keep the ball rolling and expand on it."

### Away From Politics

 Florida has the right to any money an author, Sondra London, made from a convicted killer's art and autographs, as well as from a book she wrote with Danny Rolling about five murders he committed in 1990, a judge in Gainsville, Florida,

• Thanks in part to a deadly poison from the Abbott Laboratories have developed a powerful new painkiller that may have the benefits of morphine without the drug's damaging side ef-

 A Los Angeles police officer assigned to stor people from firing guns in the air on New Year's Eve died Thursday, a day after being shot while struggling with a gun-toting reveler. The suspect was shot and killed moments later by two other

 An alligator wrestler in Miccosukee, Florida, was taken to a hospital with bite marks on each side of his head after his latest trick with one of the 200-pound (90-kilogram) beasts went wrong Kenny Cypress put his head in the creature's mouth at the end of his routine, and the animal chomped down on his head. Friends wedged metal pipes in the alligator's mouth to free him. (Reuters, AP)

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### **BOOKS**

### PURSUIT OF A WOMAN ON THE HINGE OF HISTORY

By Hans Koning. 206 pages. Puperback, \$15.95, Lumen Editions/Brookline Books. Reviewed by Christopher Lehmann-Haupt

DRIFT in a small Span-A DRIFT III a SHEET AND I FROM SHEET BY his job in New York, beset by 'a great feeling of unease, John Lucas catches sight of a young woman in a restaurant in the opening pages of Hans Koning's surreal new novel, 'Pursuit of a Woman on the Hinge of History," his 12th (including those he wrote before 1972, under the name Hans Koningsberger) but his first in eight years.

This woman, sitting with "a youngish middle-aged man," "lent peace, even sense, to things," Lucas tells us. "I felt my unease dissolve, I felt a great relief. 'I no longer think of death,' Shelley wrote to Emilia Vivi-

"I am not rambling." Lu-Man may restore our hope for the world, then how much woman beautiful not by the ets, but by those of rivers, easy to dismiss all this." rain, nature? I am not, be assured, thinking of righteousness as male and beauty as female. To me, true justness is else's justification, unques-tionably because naturally."

Not surprisingly, Lucas deface, conspeople out of money cides to pursue the woman. This and keeps getting arrested.

is typical of Koning's heroes, who are often at odds with their industrial-capitalist milieu and what they see as its tendency mistaken for an Albanian at a toward oppression and warfare. Frankfurt press club where he and who are given to romanticrevolutionary gestures leading them to violence and defeat. (See "A Walk With Love and an English translation during Death," "The Revolutionary," a French press conference "Death of a Schoolboy," "The that he sleeps through, Lucas Kleber Flight" and "America is misidentified as French-

Made Me.") Not surprisingly, too, the symbolic burden borne by the woman in the restaurant grows weightier and weightier as the novel progresses. Lucas believes that at the beginning of "our history," a battle was fought between the earth and the sky and the earth lost, "and that set us on our deadly course." Before that the Basque border for an battle, history was feminine and benign.

"In the fantasies of Lucas," the woman "was an emissary from the past, from the golden age when women objective narrator than Lucas confirmed for him that in that era the logic of history was cas continues. "If the one Just ferninine, and therefore benevolent. Then came the Battle of Titans when the more may one woman do so, a male idea won and aggression became the norm. Lucas is standards of men, even of po- hard to take, maybe, and it is

It is easy to dismiss all this, yes, but Lucas is not all that hard to take. The novel's symbolism may be heavy, but its precisely female, not male. narrative is somewhat lighter. And there is a kind of female A combination of Don Quixbeauty which is its own and all ote, Peter Schlemihl, Pelix Kruli and Joseph K., Lucas tilts at windmills, falls on his

In need of a respectable outfit, he buys himself a cheap green suit that gets him goes to enjoy a free meal. When he doesn't bother to wear earphones that provide speaking and hired to do a translation job for a bank.

Further misadventures lead him to assume the sumame of Iberia (he takes it from a travel poster), which gets him recruited into a gang of Basque terrorists apparently financed by the woman he is pursuing. In "an act of public theater" that would "close hour," Lucas helps dynamite a tree, which falls on a passing policeman and kills him.

Is "Pursuit of a Woman' meant to be as droll as it is? Probably not the authorial reigned," an alternate, more point of view seems little distanced from that of the narinterjects. "Her very face rator. The elbow-jabbing political commentary feels too sincere. Yet Lucas's pathetic adventures are told with enough objectivity to allow laughter. You can take or leave the novel's ideology. The figure of Lucas remains appealing. He saves Koning's ctherwise tendentious story.

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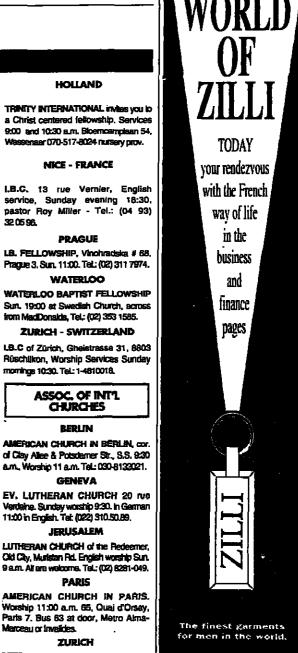
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## Netanyahu **Delays Vote** On Budget

### Crisis Centers on Demand For More Social Spending

JERUSALEM — With Israel's budget negotiations threatening to create new delays in the peace process, Prime Minister Benjamin Netanyahu tried Friday to come up with more money for the poor and unemployed and keep his shaky coalition from unraveling.

Mr. Netanyahu postponed a vote on Israel's 1998 budget until Monday after Foreign Minister David Levy, the government's leading supporter of peace negotiations, said he would resign unless social spending were increased.

The prime minister genuinely wants to keep David in the government," Moshe Lyon, director of the prime minister's office, said on Israel Radio. "We think we can find a solution."

Mr. Netanyahu said he was working with Finance Minister Yaakov Neeman to resolve the crisis.

Mr. Levy's Gesher faction controls five of the Netanyahu coalition's 66 seats in the 120-seat Parliament, and his resignation would probably cause other moderates to desert as well. Even if the government did not fall, Mr. Levy's departure would make it significantly harder for Mr. Netanyahu to win support for the West Bank troop pullback he has promised the Palestinians and United States.

Mr. Netanyahu was considering asking the special U.S. envoy to the Middle East, Dennis Ross, to delay his visit to the region, officials in the prime minister's office said. Mr. Ross was due to arrive Monday, the same day as the budget vote.

Mr. Levy's threat to resign came after the government missed a New Year's Eve deadline for passing the 207 billion shekel (\$58 billion) budget.

Mr. Levy has been the weakest link in Mr. Netanyahu's coalition since their uneasy alliance began, repeatedly threatening to quit over differences with the prime minister on the peace process and economic policies.

A Moroccan-born politician and a former bricklayer, Mr. Levy rose through trade-union politics and is a hero to many of his fellow Sephardim, or Jews of Middle Eastern descent. He also has been. their member banks, which actually is- month. ridiculed for his frequently overblown rhetoric and tendency to cry wolf.

To many, Mr. Levy personifies the paradoxical connection felt by many Sephardim — who make up about half Israel's population but form a disproportionately large percentage of the country's poor - to the Likud, which is led by Jews of European descent.

Members of Mr. Levy's Gesher faction insisted Friday that they would not negotiate a compromise deal with the government.
"We will not be satisfied with a situ-

ation where the prime minister is fooling the Knesset and fooling the nation," said'
David Magen, a legislator. "If the budget is not a socially-minded budget pletely exaggerated" and out of line Telekom's rivals spokesman said.

Telekom's rivals to the spokesman said. Telekom's rivals spokesman said. and there are not broad changes in it, we will work toward early elections for the prime minister.' Mr. Levy was particularly angered by

the flurry of last-minute promises of extra funding Mr. Netanyahu made to West Bank settlers, ultra-Orthodox Jews and other special interest groups in order to win enough votes to pass the budget.

The opposition estimates that Mr. Netanyahu's pledges totaled 2 billion shekels. The Yediot Ahronot newspaper said those pledges had raised government spending by more than 350 million



A car burning New Year's Day in the Robertsau district in Strasbourg, which was especially hard hit by violence.

## FRANCE: Danger of Social Explosion?

Continued from Page 1

ginalization by race," said Antoine Garapon, a judge detailed to head a research organization on judicial issues called the Institute for Advanced Studies

chance of getting out."

Just before Christmas, 16-year-old

Abdelkhader Bouziane was shot and killed by the police in a Paris suburb as Fernandez was killed by a local policeman during an interrogation at police headquarters in the southeastern city of Lyon. After each killing, young people stormed the streets and, in the case of the Paris suburb, burned the new local li-

Restiveness is on display in other corners of French society as well, particularly among the unemployed. For gnaw at French society." three weeks, several hundred jobless persons and their allies have been occupying local unemployment bureaus around France, particularly in the Marseille area, to demand an end-of-year French favor their cause. bonus of about \$500 in their benefits.

They are supported by some, but not all, of France's unions.

They are also supported by France's Communist Party, which is operating in an informal governing alliance with the Socialist prime minister, Lionel Jospin. Robert Hue, the Communist leader, called the demand by the unemployed "Young people from these communities," he said, "are in the despair of the suburbs, and they know they have no

positively without delay. The unemployment fund actually is managed jointly by the unions and the French association of businesses, so the decision is not up to the government. But he and a friend were fleeing in a small decision is not up to the government. But car. The next day, 24-year-old Fabrice if Mr. Jospin is not successful in easing unemployment and poverty, it will work-

against him politically.

Unemployment "is the blind spot of governmental action," Laurent Joffrin wrote in the newspaper Liberation this

past week. The Jospin team has negotiated without mishap all obstacles but one: the extreme exclusion that continues to

A national day of strikes and demonstrations in favor of the unemployed occupiers has been called for next week Polls show more than 60 percent of the

Angry demonstrators are a long Prench tradition. President Jacques Chirac won office in 1995 in part by promising to heal the "social fracture," as he referred to the alienation of many French citizens from their government and their country. But less than a year after he gained office, the country was rent by transport strikes that brought government.

Now it is Mr. Jospin's turn to deal with these outbursts of violence and protest. He has said little about the carburnings and the unemployment-bonus demands, although officials at his Labor Ministry point out he has raised aid for the longest-term unemployed and plans to propose reforms for France's vast welfare system this spring.

In addition, his government has proposed new measures on youth crime and

BRIEFLY

**Hun Sen's Forces** 

Advance on Foes

PHNOM PENH --- Cambodian

government forces unleashed a

eavy attack Friday on opposition-

held territory around the northwest-

em border town of O'Smach and

claimed to have pushed up to the

meters from Thailand." General

Meas Sophea said. "We haven't yet

reached the border, though, because

of the large number of land

A Thai military official said govemment troops were pressing into

Government forces loyal to Hun

Sen, a co-prime minister, have been

trying to seize O'Smach since Au-

to Prince Norodom Ranariddh, the

ousted co-prime minister, retreated

northwest across Cambodia to dig in

at the abandoned town. (Reuters)

"The government is only 100

border with Thailand.

O'Smach from the east.

## Europe Has Updated Equipment to Deal With Millennium Problem

By Tom Buerkle

LONDON - From the boutiques of Bond Street and the Latin Quarter to resort hotels in the Alps or the Costa del Sol, consumers can spend their way across Europe with little risk of having their credit cards rejected because of the millennium computer problem.

Many European banks have begun issuing credit cards with expiration dates in 2000 after overhauling 'point of sale' terminals in stores, restaurants and hotels to accept the cards.

Barclays Bank, Britain's biggest issuer of credit cards, has issued thousands of year-2000 cards after modifying or replacing all of the terminals it had installed at retailers, said Jane Vidler, a spokeswom-

While Barclaycard holders could encounter problems at stores using terminals installed by other banks, Barclays so far has had very few complaints, she

10,000 of the nation's 600,000 terminals have been thorize a purchase.

Pierre Camelot, a director of the association. Visa International, the world's largest credit card

company, authorized its member banks to issue cards expiring in the year 2000 last October even though it acknowledges that a fraction of sales terminals, perhaps fewer than 1 percent, would not accept a year-2000 card.

In Gatherum, a spokesman for Visa, said stores for France, the banking association that manages the could circumvent the computer problem by processing country's credit card network estimates that all but manactions manually or by telephoning Visa to au-

### $oldsymbol{2000:}$ Consumers Get an Early, and Rude, Taste of the Computer World's Glitch

Continued from Page 1

president for information technology at the National Retail Federation, a trade association based in Washington. "Not everyone has been able to fix their systerns, and that means problems for con-

only a small percentage of stores cannot handle the new cards.

Visa International and MasterCard International in October started allowing erating almost 3 million transactions a sue the credit cards, to distribute cards that expire in 2000 and beyond. Both companies said they had spent five years and millions of dollars to ensure that merchants could handle the new cards.

Visa estimates that 99 percent of the 14 million locations worldwide that ac-

pany, based in Foster City, California. "We've done everything you can imagine," Mr. Harrison said. "We've

mobilized the forces of our members' banks; we've produced hundreds of thousands of test cards; we've required member banks to report on the com-Credit card companies contend that pliance status of merchants." Mr. Harrison said Visa has from 300,000 to 400,000 cards in circulation

> But not every credit card company thinks merchants are fully ready. American Express Co. still is limiting cards to 1999 expiration dates and does not plan to release 2000 cards until later this

dling date conversion issues for the company, based in Foster City, California.

banks are issuing hundreds of thousands of the New York-based chain. Godiva, like many merchants, is relike registers that have their own mag- of programming work. netic stripe readers. The register's software, which is supposed to send the card the transaction because it thinks the card more than two digits."

handling the sale. Godiva Chocolatier in August against the cash-register Inc., whose 150 North American stores maker TEC America Inc. and a local cannot handle the 2000 cards, instructs vendor, All American Cash Register its salespeople to enter card numbers. Inc., contending that the inability of TEC Although stores are trying to quickly manually and then key in "12/99"

chants who cannot accept the cards, the vamping its computer systems so they problem typically is not with the gray, can understand the new dates. For recigar box-sized terminals that are contailers, it can be a massive undertaking nected to cash registers. Rather, spe- that can cost millions of dollars and cialists say, it is found in the computer- require hundreds of thousands of hours "It's a crisis similar to when gasoline

went from 99 cents to a dollar a gallon." number and expiration date to a bank Mr. Clarke said. "At the time, most gas with 2000 expiration dates that are genover a telephone line, will not process stations didn't have pumps that handled

The conversion issue already has led At some stores, employees have come to one lawsuit. Produce Palace Inter-up with ways to trick the register into national of Warren, Michigan, filed suit America's machines to handle cards cept its card can handle 2000 expiration fix their systems, retailers contend that dates, said Scott Harrison, who is hanthe problem is becoming worse because the director of global retail merchaning business.

## COMPETE: Rivals Complain Deutsche Telekom Is 'Fining' Customers for Switching

Continued from Page 1

with international standards.

The disconnection charges took many by surprise. "New Telephoning — the Another Telekom spoke Anger Already Begins," the mass-cir- in a radio interview that the charges culation Bild newspaper declared in a front-page headline Friday.

Such high fees are unheard of in the O.tel.o spokesman said.

In the United States, rival companies absorb disconnection fees as part of the

carrier's rivals balked, a Telekom

Another Telekom spokesman denied

amounted to a penalty against customers who took their business elsewhere. \*This has nothing to do with a sanc-

United States, where disconnection tion," said the spokesman, Ulrich Lischarges average 4 DM to 5 DM, the sek. "It is a matter of obtaining some sek. "It is a matter of obtaining some compensation for the costs that then

Telekom says it can impose the fees raised governan 350 million tially, Telekom wanted its new com(AP, Reuters) petitors to pay the fees, leaving cus-

tomers is a simple technical adjustment, allow customers to be fined. "Com- pfennig per minute. petition must be customer-friendly,' said. "Everyone has to learn that."

Any decision by Mr. Scheutle will be scrutinized to see whether the new agency is prepared to act independently and not favor Telekom, analysts said.

Telekom's rivals still grumble about the regulatory agency's decision on in-terconnection charges, the fees competitors must pay to rent part of the former monopoly's network. In Germany, the

tomers out of the fray, but the incumbent of the fees falls under his jurisdiction. minute, higher than the EU benchmark Mr. Scheurle said in a television in- interconnection rate of 1.8 pfennig. terview that Telekom was entitled to Drawing out the negotiations for most of Telekom's rivals say switching cus- cover its costs, but that he would not last year, Telekom fought to charge 6

The former monopoly began girding for the competition in late December when it announced that it would cut its rates in March in response to lowerpriced challengers. The new rates also must be approved by regulators.

Germany's opposition Social Demo-cratic Party joined the criticism of Telekom's fees. The party's telecommunications specialist, Hans-Martin Bury, said that the group "would be better employed in facing up to competition with attractive proposals rather than by staying on the defensive."

Moi Is Poised to Win

Continued from Page 1

For their part, opposition leaders had hoped a runoff might force their supporters to do what they have been unable to do in the last five years: unite behind one challenger. But the returns suggested that the connection had once a rejection.

that the opposition had once again voted along tribal lines, leaving Mr. Moi's co-alition the largest slice of votes. Though Mr. Kibaki was the runner-up nationally,

the vast majority of his support came from the Central Province and Nairobi,

where his Kikuyu tribe is the majority.
Similarly, the three other top candidates — Mr. Odinga, Michael Kijana Wamalwa and Charity Ngilu — all ran well in their tribal homelands, but made

well in meir ribal homelands, but made few inroads in other parts of the country. The three had a combined total of about 1.3 million votes Friday morning, more than enough to defeat Mr. Moi had they thrown their support to Mr. Kibaki.

Their failure to find common ground means Mr. Moi is poised to win a fifth and final five-year term

and final five-year term.
The Electoral Commission, accused

by all sides of bungling the election, has

acknowledged that there were logistical

errors and mix-ups during the polling,

which was extended an extra day to

rectify mistakes. But the chairman of the

commission, Samuel Kivniti, denied

that the problems were deliberately in-

tended to favor one candidate over another. Nor have the irregularities af-fected the final returns, he said.

Mr. Odinga and Mr. Kibaki asserted

that agents for the governing party had

infiltrated the electoral commission and

purposely kept presidential ballots from being delivered to opposition strong-holds. They also maintain that election

officers switched vote totals in districts where Mr. Kibaki had won and doctored results in Mr. Moi's Rift Valley strong-

holds to pad his margin of victory.
But Western diplomats who observed

the elections said most of the problems

appeared to be the result of incompe-

tence and inefficiency rather than a con-

certed government effort to protect Mr.

**KENYA:** 

### Mongolian Workers Get Weekend Off

ULAAN BAATAR, Mongolia

— Mongolia's workers on Friday looked forward to their first regular weekend off since the Communist revolution of 1921.

The Asian nation, which tossed out the Communist Party in elec-tions in 1996, adopted a five-day working week of 40 hours on Jan. 1. The working week was previously 46 hours, with six hours on Sat-

urday.

The governing Democratic Union Coalition argued the change would bring Mongolia into line with international practice and improve industrial efficiency. (Reuters)

### Prayer Order Riles Muslims in India

LUCKNOW, India — An order requiring schoolchildren in northern India to pray to paintings, sculptures and other embodiments of "Mother India" has angered Muslims, whose religion forbids the worship of images.

Ravindra Shukla, an education

minister in Uttar Pradesh state, was quoted in The Indian Express on Friday as saying his recent order to pray to nationalist symbols was meant to "inculcate patriotism."
But the order enraged Muslims,

and a panel that represents them was considering a court challenge. "We don't need a certificate for our patriotism from any political party or person," the Express quoted Zafaryab Jilani of the All India Muslim Personal Law Board as saying. (AP)

# Philippines Rebels Free Police Officer

ROXAS, Philippines — Com-munist rebels freed a policeman Friday after 55 days of captivity, clearing away the final obstacle to the resumption of peace talks with the government next week.

The police officer, Martiliano

Magtagad, was handed over to a representative of the International Committee of the Red Cross at a rebel camp on the outskirts of Roxas, a town on Mindoro Island, where he was seized Nov. 8. (AP)

## FLU: Thousands of Chickens Still at Large

Continued from Page 1

poultry slaughter Sunday — 24 hours after saying such a dramatic step was unnecessary — and then pledged the job would be completed within a day. Five days after the extermination began, the government reported that it had killed about 1.3 million chickens and other suspect poultry, including geese, ducks and quail, but it also conceded that thousands of chickens remained alive. It said that Hong Kong was home to more chicken farms than previously known, allowing thousands of chickens to escape the slaughter.

In addition, some chickens were known to have poked their way out of the sealed plastic garbage bags that were to have been their tombs. The bags had

## **MALAYSIA:**

Continued from Page 1

home," Somboon Wanchaithanawong, chairman of a government committee on immigrant labor issues, said in Novem-The influx of alien workers has posed a threat to national security, as well as to Thai workers who could lose their jobs to these immigrants.

In Malaysia, a newspaper columnist that the government had not made ad-complained last year that foreign work- equate plans to dispose of the chicken ers were "responsible for bringing new carcasses quickly after they had been types of diseases and new strains of killed. viruses that we had successfully erad-

icated decades ago." Threats to send home foreign workers are nothing new in Malaysia, but previous campaigns took place amid 8 percent economic growth and almost guar-

where they came has long been a gov-emment goal," said Mr. Razak of the ficult to implement.

been pumped with carbon dioxide to kill the birds, but in depots where the bags were piled high, chickens could be seen moving around inside.

Panicked Hong Kong residents re-ported seeing chickens strolling around the grounds of public housing projects. They also reported seeing chicken carcasses strewn around the grounds, often near where children play.

The government's agriculture and fisheries department, which is heading the slaughter campaign, said in a statement Friday it was "continuing with mopping up operations to check whether some live chickens had been missed out and whether there were carcasses uncollected." The department set up a special chicken hottine for Hong Kongers to report any live chicken sightings in the territory.

Residents also reported that stray dogs, cats and rats were seen eating

through the plastic garbage bags containing chicken carcasses, raising fears that animals might become new roving Plan for Deportations that animals might become new roving carriers of the disease. Health officials at Hong Kong University immediately began testing dogs, cats and rats to see if they had any traces of the "bird flu," officially known as H5N1, and some officials left open the possibility that the unprecedented slaughter could be extended to other animals if they were found capable of transmitting the virus.

The presence of huge piles of garbage bags in residential areas raised criticisms

"Things could have been done better perhaps," conceded Margaret Chan, the director of health.

Lessie Wei, the director of agriculture and fisheries, who made the vow that 'no chickens will be allowed to walk. anteed full employment for Malaysians. free," has become the subject of much "To get a million workers back to of the criticism, since her department took the lead role in the slaughter.

"I'm not making any excuses," she Strategic Research Center. "But be-cause of the need for workers in the said Friday, "but during the operation, more farms emerged." She said her deconstruction and plantation sectors over partment was investigating how chicken the past few years it has been very dif- farms could have been operating here without the government's knowledge.



Health workers in Hong Kong gathering dead chickens for burial Friday.

New Year, New Problems for Mir's Crew

computer broke down Friday, temporarily reducing the space station's power supply, news reports said.

A computer breakdown, something that occurred seven times in 1997, does not threaten the lives of the two Russians and the American on the space station.

But the problem can make life un-comfortable on the Mir.

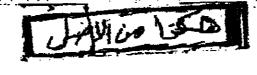
The failure of the main computer brought down the gyroscope system that orients the Mir's solar panels toward the sun, the Itar-Tass news agency said, citing officials at Mission Control outside Moscow. Mir was not receiving its normal

power supply, and the crew responded MOSCOW — The Mir's main by shutting off all nonessential systems outside the Mir's core module, Russia's NTV reported. The space station has six separate

modules, though one was punctured in a space collision last June and has been sealed off. The crew had found the problem by Friday night and was working to re-

place one of the main computer blocks, Itar-Tass said. Aboard the Mir are Anatoli Solovyov, the commander, Pavel Vinogradov, the flight engineer, and the U.S. astronant, David Wolf.

The Mir, the longest-lived space station in history, will mark its 12th year in space next month.



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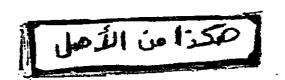
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## A Small Step for Moderates in Iran

### Cleric in Provincial Isfahan Lifts Ban on Film Called Anti-Islamic

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ISFAHAN, Iran - Finally, the Quds Cinema in this provincial capital can boast " 'Snowman' in Isfahan - at the same time as in Tehran." But as so often in Iran, what lies behind the marquee is a more complicated tale.

Because it depicts a man who dresses as a woman, as a ruse to obtain a visa to the United States, the Iranian-made film was until recently banned across the country as anti-Islamic. After a new president who espouses cultural openness was elected in May, however, that decision was reversed.

But while "Snowman" opened in the Iranian capital in November, initial attempts to extend the experiment to this city, known for its exquisite blue-tiled mosques and entrenched revolutionary sentiments, ran into a backlash.

On the day the film was to open; bearded radicals attacked the theater to make sure that could not happen. They shredded posters and attacked moviegoers, including women and children, wimesses said. And by all accounts, local security forces did nothing to stop them, even when the radicals and their allies returned in following days to the street in front of the shut-down cinema to perform triumphant prayers.

Not until the city's leading cleric used

jobs did the balance of power shift, opening the screen to what the new government sees as an important test of conservatives' willingness to accept small steps toward moderation.

"If the police and intelligence forces and the governor general's office are unable to deal with them," Ayatollah Savedialedin Taheri, 70, had said of the radicals, "let them tell me, and I will put them in their place."

In the two decades since the Islamic revolution, attacks on cinemas, newspapers and bookstores accused of promoting cultural laxness have rarely been challenged by the Iranian authorities.

What is unusual about what happened in Isfahan, where "Snowman" opened at last on Dec. 14, is that a leading member of the country's ruling clerical establishment joined the new government in advocating the rule of law, even if it means turning against those who claim to be acting to protect Islamic morals.

'He's either mad or brave, one or the other," Hossain Payghambary, a carpet merchant, said of Ayatollah Taheri and his decision to confront the radicals, who call themselves the Hezbollahi, or followers of the Party of God. "The important thing is that the film is showing, and that's a big step.'

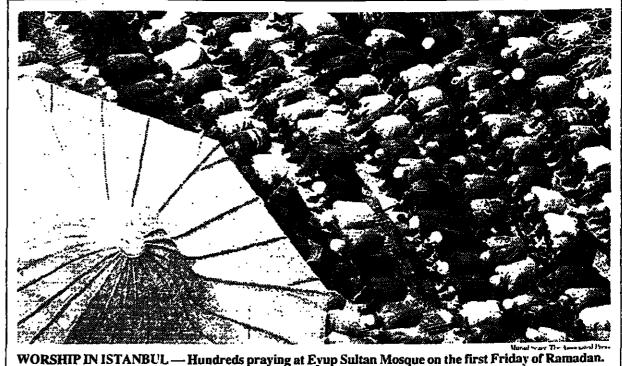
Even though they hold power in Iran, leaders among the country's religious establishment have often condoned and a recent Friday sermon to excoriate the even encouraged the radicals' extra-lesecurity forces for failing to do their gal attacks, in much the same spirit with

which they urged Iranians to rise up against Shah Mohammed Reza Pahlevi,

whose government was seen as having been hopelessly corrupted by the West. But the new president, Mohammed Khatami, a relatively moderate cleric, has urged franians to overcome that.

spirit of "rising against the law."
"Snowman," a black comedy, was financed by the Islamic Propagation Organization, which is closely affiliated with the state, and it is now showing in 22 cities around Iran. Its ending is politically correct: The man, who had relocated to Turkey in pursuit of a visa, falls in love with an Iranian woman and they return to their homeland. But it has continued to attract vocal opposition from conservative quarters.

Conservatism runs deep in Isfahan, an early hotbed of the Islamic revolution, and so the political atmosphere has been charged since Mr. Khatami swept to victory in the presidential election in May.



## Top Ayatollah Sees No Reconciliation With the U.S.

TEHRAN - The supreme leader of Iran denied Friday that Tehran was making any moves toward reconciliation with Washington, days before the country's president, Mohammed Khatami, is due to address the American people in a television interview. "Western media say some faction, individuals, groups or even the government have a tendency to-ward a reconciliation with the West and America," Mr. Khatami's conciliatory position and illustrated the power struggle between hard-line and moderate fac-Ayatollah Ali Khamenei said in a prayer sermon broadcast on Tehran radio. "Of course, all this propaganda contradicts existing realities. None of it is

Ayatollah Khamenei's tone contrasted sharply with

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tions in the ruling hierarchy.

His remarks came days before Mr. Khatami, who is a Shiite Muslim cleric but a relatively moderate politician, was due to give an interview to CNN that was expected to be broadcast next week. (Reuters, AP)



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## **South Korean Hurdles**

Two events this past week may help South Korea climb out of its financial hole. Large private banks in the United States, Europe and Japan tentatively agreed to let South Korean banks and business firms postpone repayment of overseas loans. These banks might even agree to extend new loans. If the agreement holds, it will ease South Korea's repayment burden, eliminating an immediate threat of default.

Separately, the National Assembly agreed to stiffen oversight of the banking sector in line with conditions imposed by the IMF in exchange for a \$57 billion bailout. The vote reassures foreign investors that internal politics will not scuttle the IMF-led bailout.

These events do not guarantee South Korea that it can avoid default or escape serious recession. But, finally, its

prospects are improving.

The decision by the large banks to roll over short-term loans was hardly altruistic. They knew that if they collectively demanded repayment, South Korea would run out of dollars and default, imposing huge losses on them and, in the bargain, freezing South Korea out of international capital markets. By giving it the time to recover, they can expect to retrieve most, if not all, of their original investment

Three hurdles remain in South Korea's way. Small overseas banks may refuse to join in the deal. The small banks are threatening to grab their money while, they hope, their larger peers are stuck propping up shaky Korean borrowers. If this happens, the agreement could unravel.

pressure all banks to go along.

Meanwhile, the large overseas banks are pressuring the Seoul govemment to take responsibility for repaying the foreign loans to its private sector. This is a bad idea that would bury Seoul in debt that could take decades to repay. The large banks have enough incentive to roll over their loans without government guarantees.

Besides, Korean acquiescence would send a destructive signal to foreign investors that Seoul stands ready to bail them out of reckless loans. The final hurdle is the IMF-imposed

bailout. Its conditions clamp down hard on the economy and threaten to shove it into recession. The terms need to be eased. The bailout agreement was supposed to reassure foreign investors that their Korean loans would be secure. But who wants to invest in an economy that is headed for the tank? So far, individual investors continue to withdraw their money, the exchange rate continues to plummer, domestic banks refuse to make loans and unemployment has begun to take off.

The IMF says its program will only slow economic growth, from about 6 percent a year to under 3 percent. But IMF estimates have seriously erred in Argentina, Bulgaria and, most recently. Thailand. It promises to remain vigilant and renegotiate terms if the Korean economy needs resuscitation. That is a promise that the United States and South Korea's other trading partners ought to make sure it fulfills. -THE NEW YORK TIMES.

## Nigeria Needs a Change

The arrest of a dozen Nigerian mil-high-roller regarded as an Abacha front itary and civilian officials on coupplotting charges advertises and deepens the instability in Africa's most powerful state. Nigeria is too large, various and volatile a country to submit quietly to the military rule that Sani Abacha installed four years ago. The evidence is that his leadership is widely questioned at different levels of society. His promised "transition" to civilian democracy in elections planned for next October is being widely seen as a cover for his retention of power.

Nigeria has been ruled by soldiers for all but 10 years since it gained independence in 1960. The military fairly claims a role in preserving the integrity of the nation, and it has conducted a responsible regional policy. But as an institution it is simply incompetent to steer toward modernization in Nigeria's complex circumstances. A conference of experts collected by the U.S. Institute of Peace suggests that it is becoming a "failed state." It is getting poorer and more fragmented. Its mismanagement and indulgence of corruption are a legend.

This is the context of a shocking report in November that a Lebanese

man had contributed \$460,000 to an ostensibly nonpartisan U.S. voter registration group linked to the Demo-cratic National Committee. Further, that he had attended a White House dinner for fund-raisers and then been received by high-level U.S. officials. The better to get the democratization message through to General Abacha, one of those officials explained. Others suspect that the general's man, Gilbert Chagoury, not to speak of the general himself, exulted in gaining access to the

Washington heights.
The United States slapped the Nigerians' wrist in 1993, maintaining diplomatic contact but imposing travel and visa restrictions and barring military aid. The issue now is whether the American interest in Nigeria's economic and strategic health, in its democratic development and in its cooperation against drugs and crime does not require a tougher international program to open up the political arena. The point would be to ensure that an authentic civilian leadership, not just a recycled fake-civilian Abacha, comes to the fore in the next, crucial, electoral phase.

—THE WASHINGTÓN POST.

## So Stay Buckled Up

ing as United Flight 826 was climbing from 31,000 feet (9,500 meters) above the Pacific Ocean to avoid some thought-to-be-light turbulence. As shown in a chilling videotape taken by a passenger in the cabin, what is believed to have been severe turbulence slammed the jumbo jet into a violent plunge. For hellish seconds, the impact tossed up flight attendants and passengers who were not wearing their seat belts, killing one woman and injuring 102 others. The veteran captain, who was later praised by airline of-ficials for saving the aircraft, is said to have told superiors it was the worst experience of his career.

It is also one of the worst nightmares for all pilots - and more common than one might expect. Turbulence can be all but impossible to detect or predict. Federal officials note that it results in nonfatal injuries to more airline passengers and crew members every year than any other event involved in flying. Yet the statistics do point up a most important, lifesaving step that passen-gers should take: staying buckled up at all times when seated and obeying all signs and suggestions from the pilot to stay seated and buckled.

Almost all injuries are to people not wearing belts. The Federal Aviation Administration says it receives an average of 58 reports of turbulencerelated passenger injuries a year from the airlines, which, for reasons that escape us, are not required to report such incidents. From 1981 to November 1996, 252 incidents of turbulence were reported; these killed two passengers, seriously injured 63 and caused lesser injuries to 863. The fatalities and all but two of the 63 serious injuries involved

unbuckled passengers. Flight attendants are the most in jeopardy, standing and working as they do. They ought to have more opportunities to sit down and buckle up at the urging of pilots, but demands for service make this difficult to codify.

But the FAA can and should order that all passengers be buckled whenever they are in their seats and that they be seated immediately when told by flight attendants to do so. As it is, some passengers refuse to comply. Patricia Friend, president of the Association of Flight Attendants, observes that people are so comfortable with air travel" that they don't always take safety advice seriously.

The FAA, airlines, the National Aeronautics and Space Administra-tion, the military and private-industry researchers are working to come up with devices to detect turbulence. What is called "clear air" turbulence (as opposed to "convective" turbulence that occurs near thunderstorms) continues to occur undetected. Still, almost anyone seated and buckled likely will live to tell about it. That should be enough to hammer home the message.

— THE WASHINGTON POST.

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# Fasten Seat Belts for Another Roller-Coaster Year

WASHINGTON — Keep one eye fixed on the rearview mirror and the year that was, while you gaze into the crystal ball for 1998. Fasten your seat belt as another year on the roller coaster of change in world affairs begins.

The big four foreign policy chal-lenges of the new year for America are easy to spot. They grow out of un-resolved upheavals of 1997: Iraq, Iraq, the collapse of the Asian economic miracle, and China's re-emergence as a major power after a century of isolation and humiliation.

Also demanding quick attention from President Bill Clinton and his aides are three other ominous carryovers: the breakdown in Israeli-Palestinian peace efforts, turmoil in the two Koreas, and looming political instability in Indonesia. My two long shots for 1998 are

happier bets. Pope John Paul II's visit to Cuba in mid-January will unleash political currents that will lead at last to Fidel Castro's departure from power. And Japan's leadership, staring into the abyss of a 1930s-style depression, will put aside the factionalism and financial caution that have deepened that nation's crisis of confidence.

Look for an overhaul of Japan's

By Jim Hoagland

political and economic decision-making machinery that will help resolve Asia's financial troubles.

As long as we are hoping, let us hope big. Especially since the sure things have so much potential for disaster.

January could turn out to be the cruelest month for President Clinton.

He will want to focus his State of the Union speech on accomplishments, particularly the enlargement of NATO that he has masterminded. It gives the White House a chance to push on an open door, since there is no serious opposition in Congress to amending the NATO treaty to bring in the Czech Republic, Hungary and Poland. But Saddam Hussein has other ideas.

With the distractions of the holidays out of the way, it will become clearer that the Iraqi dictator has succeeded for more than three months in completely thwarting United Nations inspectors looking for chemical and biological weapons, while international concern has intensified about the harshness of economic sanctions on Iraq's civilians.

Time is now working on Saddam Hussein's side. If Mr. Clinton accepts

ineffective, international support weakening for existing sanctions, and opposition to U.S. military action adily growing abroad — it will be he

who is in a box, not Saddam Hussein. Congress will return to town in January to push Mr. Clinton on another subject that he preferred to duck as 1997 ended, Iran. Jesse Helms and other conservative Republicans will be demanding that the administration impose economic sanctions on France, Russia and Malaysia for investing in Iran, even as Mr. Clinton is looking for international help on Iraq, Asia's currency collapses and other U.S. interests.

This is a formula for an international train wreck. Sanctions against France and Russia in this case would ignite a nasty running quarrel between Washington and the European Union over trade, at the moment when the world will be holding its breath over the South Korean bailout and over an increasingly visible conflict in Indonesia over who will succeed President Suharto.

The year does not have to go in that direction, which would lead to global market panics and spiking oil prices. For the first time since the 1979 revolution,

for much longer the New Year's status there are signs of a significant power quo — UN inspectors back in Iraq but struggle within the Iranian leadership and prospects for a lowering of tension between Washington and Tehran. The beginning of 1998 is a moment for exploring dialogue with Iran rather than

ignion:

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promoting confrontation. The turmoil in Asia's stock markets, and currency values, swings the spot-light from China, the biggest international story of 1997, to Japan, which will dramatically affect global stability by the financial and political choices it does or does not make this year.

America's trade deficit with Asia will soar in 1998 and is likely to reach \$250 billion globally by the end of the year. Japan must move to ward off the protectionist pressures that this deficit

will create in Washington.

Continuing the bureaucratic and political immobilism that has prevailed since the end of the Cold War is not an option for a Japan that is also exposed to serious damage to its banking system

from South Korea's problems.

Big storms are visible on the horizon for 1998, but with luck and skill they can be avoided or outrun. All in all, this will be a year to walk quickly and carry a big umbrella.

The Washington Post.

## New Year's Resolution: Rethink the Deregulation Fad

By William Pfaff

PARIS — As 1998 begins, one may hope that we have learned something from 1997's Asian economic crisis. The systematic deregulation of the global economy — an aim still energetically pursued by the major international economic institutions, as well as by the U.S. government — is explos-

What has happened in Asia demonstrates that this program produces a globalization of crises, as well as of trade.

Only one major Asian eco-nomy has thus far escaped the storm, China's. Its Hong Kong exposure (support for a Hong Kong dollar linked to the U.S. dollar) may yet sweep it into the maelstrom, but its ability until now to withstand the forces that have produced so much damage elsewhere is the result of the fact that China is not a globalized economy.

China has foreign exchange regulations and controlled trade. Its economy is protected. Some bankers and officials

of international institutions have now suggested that exregulation might provide pait of the cure for crisis elsewhere in Asia. That is a formidable reversal of the conventional wisdom. Certainly credit regulation is

in order. When was it not? Americans can name at least two previous occasions when, as the former head of the U.S. Congress's General Accounting Office, Charles Bowsher, recently put it, the United States "confused deregulation with supervision" (terminating supervision in the name of deregulation).

The most recent occasion was the 1980s, when de-supervision plus deregulation produced the collapse of a large part of the U.S. savings and loan industry — the losses then being paid off by the U.S. taxpayer. The earlier case ended in the

crash of 1929 and the Great

Depression, Now, as Mr. Bowsher says, "the same thing has happened in Asia ..."

The simpleminded ideological argument for global deregulation asserts that in the end everyone will benefit, since regulation is by ideological definition bad and deregulation good. In fact, deregulation (unsurprisingly) benefits the most powerful players, who have the resources to take advantage of it. Their motivation is maximized profit.

The deregulation ideologist assures us that the god of economics writes straight with crooked lines, and that he will eventually draw from the greed of the powerful prosperity and happiness for the weak. Firm evidence for that pro-

position remains to be produced. The evidence we have, heavily augmented by what has just happened in the major Asian economies, is that unregulated greed tends to produce injustice, and injustice tends to produce political unrest and upheaval. This is why the modern world, after each crisis of deregulation. has restored regulation. . Regulation introduces into

the free play of economic selfsocial and political values tween Greece and Turkey. threatened by the unrestrained individual and corporate pursuit of economic advantage. That is why the United States

regulated "trusts" and markets after the destructive excesses of the Gilded Age, again after the 1929 Wall Street crash, and, most recently, after American taxpayers discovered themselves fleeced by unscrupulous or excessively exuberant savings and loan operators.

There is now serious danger in Asia that people will see themselves as victimized by predatory Western bankers and by Western governments.

The IMF aid granted to Korea, under pressure from the

U.S. Treasury (as earlier to Thailand and Indonesia), has been criticized as designed to save Western banks and investors from their unconsidered speculations, while imposing the costs of the crisis on an emergent Asian middle class and on Asian workers, now condemned to austerity or unemployment while bearing little responsibility for what has happened.

Moreover, the press reports that American and European companies, even as Western speculative investments in Asia are being bailed out by the IMF, will now get a second dip, into

Korea's companies, like Thailand's banks, are threatened with forced sale to Western interests at derisory prices. "Big opportunities exist,"
The New York Times reports. A congressman who sympa-thizes with South Korea's plight, Robert G. Torricelli, Democrat of New Jersey, says

the riches to be made from the downside of Asia's crisis. South

that South Korea "is about to see a fire sale of some of its major assets." They are, he remarks, "losing assets that took generations to acquire." The implications of this for political relations between the

West and the Asian peoples who are victims of this crisis may be imagined. There certainly will

be bitter nationalist reactions, fueled by human suffering. The only optimistic observa-

tion that can be offered is that the crisis has come relatively early in the process of glob-alization. We might learn something from it. Possibly there now will be

a reappraisal of the deregulation juggernaut. New attention might be given to the social and political consequences of globalization.

In that case, the events of the final months of 1997 will have made a constructive contribution to the new year that we are beginning. Let us hope for the best. International Herald Tribune

Los Angeles Times Syndicute.

## Make Greece and Turkey Behave

WASHINGTON — If Bos-nia is the conflict that made NATO useful in the post-Cold War era, Cyprus is the one that can make it useless.

Traditionally a powder keg sitting between two NATO allies, Cyprus has in recent months been providing reminders of how quickly the alliance interest constraints designed to can be brought to its knees by protect society and assure those exercises in brinkmanship be-

Both sides have been arming and practicing for a military showdown since 1974, when Turkey invaded in response to a coup sponsored by the military junta ruling Greece at the time. Turkish forces have remained in Cyprus since, controlling the northern third of the island, which in 1983 declared its independence but has since been recognized only by Turkey. Today Cyprus is one of the

world's most militarized areas. Recently Greece and Turkey engaged in provocative military maneuvers. Greece and Cyprus undertook a joint military ex-

situation in East Timor. Polit-

ical prisoners should be re-

leased; the widespread human

rights violations must stop,

and Indonesian troop reduc-

tions should be carried out.

Bishop Carlos Ximenes Belo,

my fellow Nobel laureate, has appealed to Indonesia through

the United Nations to end vi-

cal autonomy and eventually a

referendum on self-determi-

nation for East Timor under

UN auspices to work out the

The East Timorese resis-

tance fighters must cease their

activities and pursue a non-

violent strategy inspired by the great men of this century, Ma-

hatma Gandhi, Martin Luther

As Indonesia faces an in-

creasingly difficult future, it

cannot afford the economic and

diplomatic costs of a continu-

ing occupation of East Timor.

I am encouraged by the

moves of the United States and

Britain to help find a peaceful

solution to the conflict. But

more effort by the internation-

al community as a whole is

needed to push Indonesia to

cut its losses in East Timor.

King and the Dalai Lama.

final status of the territory.

Such steps could lead to lo-

olence and torture.

By Louis J. Klarevas

ercise called Nikiforos from Oct. 10 to 14. Turkey responded by sending military aircraft into the region. In the process, both parties violated a six-month-old moratorium on military overflights of Cyprus. More threat-eningly, Turkish military planes more than once buzzed the C-130 aircraft carrying the

Cireek defense minister. In an unusual public criticism of a U.S. ally, the special presidential emissary for Cyprus, Richard Holbrooke, referred to this airborne harassment as "an unacceptable act which does not help in defusing tension between Greece and Turkey." He called it "a very serious incident in which human lives were put in danger."

NATO's utility and credibility would be damaged irreparably should the two NATO allies go to war. Simply put. how can NATO promote peace and defend the alliance's security if it cannot even get two of its allies to behave peacefully toward each other? Greece and Turkey's NATO

allies should actively engage them in concrete actions aimed at reducing tensions. As the Turks have reservations about most international organizations in Europe, especially the European Union, NATO is well situated to serve as a mediator.

Recently, NATO's secretarygeneral, Javier Solana, and other NATO officials have taken a more active role in discussing differences between the two allies. One of the first positive results came a few weeks ago when the two countries worked out some of their long-held differences over military command and control of the Aegean.

The Western allies, espe-cially the United States, should put their diplomatic muscle behind four endeavors:

• Turkey and Greece should be reminded of their pledges at the Madrid NATO summit last July to "refrain from unilateral acts, on the basis of mutual respect and willingness to avoid conflicts arising from misunderstanding."

• Both should agree again to

an open-ended moratorium on military flights over Cyprus.

 Both need to accept a binding "incidents at sea" agreement prohibiting reckless and dangerous conduct by naval Greece and Turkey should

be encouraged to forgo any future non-NATO war games, especially if (1) the mock enemy is the other NATO ally. (2) the exercises take place in the Aegean or Mediterranean, or (3) they involve any Aegean islands, Turkey's western coast or the shared border area between Greece and Turkey in the north. Turkey recently took a step in the right direction when it canceled a scheduled Aegean military exercise.

It is time for the remaining NATO allies to take a tough stand. If this means that Greece and/or Turkey have to be banned from NATO military exercises or that military assistance to the two states has to be suspended, then so be it.

Demanding that Greece and Turkey institute confidencebuilding measures is a fair price to pay to maintain peace in the region as well as to preserve NATO's future.

The writer, a research associate at the U.S. Institute of Peace, contributed this comment to The Washington Post.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: German Gag PARIS - Freedom of speech is

not one of the benefits enjoyed by the German people. William IL ascended the throne in 1889, and in 1890 a new régime commenced, with the result that prosecutions for offences against His Majesty's person showed a decided increase. The offences have increased 33 per cent, and the number of persons punished 25 per cent. The provisions of the Code are very elastic, and can be made to apply to almost any words spoken which may be offensive to the Emperor.

1923: Revolt in Mosul CONSTANTINOPLE - Insur-

rections have broken out in Mosul in all the disputed oil territory Turkish and Kurdish tribes are in full revolt. British air forces are bombing the insurgents. The Mosul territory has been one of the chief bones

of contention at Lausanne, the Turks demanding its restoration on the grounds that most of the inhabitants are Turkish and Mohammedans, while the British, who now occupy the territory, which nominally is under the King of Iraq, backed by the other Allies, seek to retain it.

### 1948: Brothel Dispute PARIS — Existence of a black

market in prostitution with the merchandise more than 50 per cent contaminated was the argument with which Deputy Lefevre-Pontalis supported Mme. Rastier-Caillé, member of the Paris City Council, in her campaign for the reopening of licensed brothels. M. Lefevre-Pontalis said that the movement. which resulted in the closing of brothels was "pure hypocrisy," as there were in Paris alone 380 "clandestine houses" were 'clandestine' through bribery of officials.

### SYDNEY — As 1998 begins, it is time for the inlooked at our future in a spirit of sincerity and humility about our past. We need to East Timorese leaders must face the future with honesty, have the courage and humility clear vision and purpose. Indonesia must improve the

ternational community to press harder for a peaceful solution to the East Timor conflict, which first became a United Nations issue in December 1975 when Indonesia invaded and occupied the territory.

In the last few days before the invasion, the East Timorese Fretilin party, with me as its foreign affairs spokes-man, made a unilateral declaration of independence from Portugal, the colonial ruler. That declaration promp-

ted Jakarta to invade. Twenty-three years later, the toll has been enormous. East Timorese have experienced brutality of genocidal proportions, with the loss of around one-third of the population. Our culture has been severely damaged, our people marginalized by Indonesian immigrants, their land taken and the environment destroyed.

Indonesia has suffered increasing international opprobrium. A looming recession, following the collapse of the Indonesian currency in the East Asian financial turmoil since mid-1997, will challenge the legitimacy of President Suharto's government. It is now clear that the end of his regime is near and East Timor's freedom is in sight.

Both sides should reflect on

Although the invasion was

the East Timor tragedy and

seek a negotiated settlement.

probably the most serious

For an East Timor Settlement

to acknowledge our share in the tragedy. Indonesia did its utmost to undermine the 1974-1975 decolonization process initiated by the Portuguese, but we also bear responsibility for the way things unfolded.

A handful of East Timorese

students returning from Portugal (led by the purported Maoist Abilio Araujo, now a wealthy entrepreneur in Portugal) introduced Marxist terminology to the territory. This worried Jakarta. It feared that an independent East Timor under a radical Fretilin could become a beachhead of leftist subversion in the Indonesian archipelago, following the Communist takeover of Viemam in mid-1975.

Indonesia cannot escape blame for the political tensions and the ensuing civil war in August 1975 as its military intelligence branch sought to inflame and divide the territory. But East Timorese leaders,

too, sometimes acted with understandable immaturity and at other times with reckless irresponsibility. We were the ones who unleashed a civil war that caused the deaths of hundreds of our own people. Some in Fretilin were particularly violent during that period, creating deep divisions and

resentment in East Timor. The writer, who shared the 1996 Nobel Peace Prize, con-The Indonesian occupation political and military mistake did even greater damage to tributed this comment to the in Mr. Suharto's long rule, we our society. It is time all of us International Herald Tribune.

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## Caution: Navigation Is Dangerous at the Auction Houses

International Herald Tribune **▼**EW YORK — The art market has reached a dangerous pass. As auction houses celebrate their feats in financial reports (Christie's, due shortly) or elegant art books ("Sotheby's Art at Auction 1996-1997"), the past season's greatest extravaganza symbolizes the explosive

situation.
"The Dream" painted by Picasso on Jan. 24, 1932, a one-day picture in which the artist returned to the Fauve days of his youth in a spoofy flashback, came up at Christie's on Nov. 10. It was part of the Victor and Sally Ganz collection, of which no one, barring two dozen Picasso specialists or so, had heard until Christie's marketeers drummed it up into an art trove of stellar importance. "The Dream" sold for a dream price, \$48.4 million, as did the whole collection for an aggregate \$206

For the outsiders, that was that. Nothing transpired of the tension that some, close to the action, say rose within the company as D-Day got closer. To wrest the sale away from Sotheby's, Christie's must have put up a huge "guarantee" ensuring the consignors of Deregulation Fa

a fixed cash amount no matter what, probably far in excess of the aggregate \$120 million forecast. Christie's would have had a problem, had it not won this poker game hands down.

How many more can the two rival auction houses hope to get away with? No one knows, not even the financiers. For the moment they are content to parade the huge prices without dwelling

Unfortunately, triumphs and failures

alike spell trouble for the future as do all signs of imbalance in any market. At the underside (the only such instance on first glance, Christie's scores seem sensational. On July 6, in London, a pair of George III giltwood armchairs soared to £1.7 million (\$2.8 million). Designed by Robert Adam and made by Robert Chippendale for the Dundas family, they must have given bidders the feeling that they were contending for a chunk of British history at 10 times the price that an ordinarily expensive pair might com-

In November, there was the Victorian piano sold by Christie's, in London again, for £716,500. No ordinary piano. you understand. It was designed by Lawrence Alma-Tadema, the Victorian

### SOUREN MELIKIAN

artist whose work is not always clearly distinguishable from kitsch. The buyer was not ordinary either. It was the Sterling & Francine Clark Institute in Williamstown, Massachusetts, whose director, Michael Conforti, explained over dinner that the piano fitted well into their collection of 19th-century musical instruments.

Other buyers in other fields no doubt had similar reasons, in which the "last chance' syndrome, typical of a market where supplies shrink, plays a part. That syndrome may have prompted whoever got the late 14th-century Ming decanter painted with a copper-red pattern to pay the equivalent of \$2.86 million at Christie's Hong Kong on Nov. 5, a record for Chinese underglaze painted porcelain. That same day at Sotheby's, a Ming blue-and-white brush washer of the early 15th century decorated with a

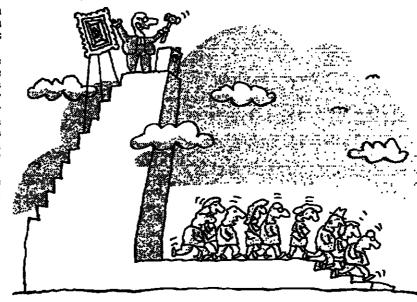
record) fetched \$2.1 million, which is

proportionately just as staggering.
Yet, according to a reliable trade source, this did not allow the Japanese collector who consigned it to get his money back. The collector apparently has a marvelous eye not matched by financial prudence. The same source reports that he also consigned a late 10th-century Chinese vase carved with a bold peony pattern under an ivory

It is, or rather was, a museum piece until the Boston Museum of Fine Arts sold it in 1978 to the London dealer, Giuseppe Eskenazi. One of a pair, this one suffers from a slight restoration to the lip. Within weeks, Eskenazi sold the vase to the British Rail Pension Fund, presumably for less than the asking price of £120,000. In 1989, at Sotheby's, London, it fetched £825,000 (more than \$1 million), but last November, no one responded as the bidding started well below, at the equivalent of \$776,000. The same collector had no better luck with an admirable marble stela of the third quarter of the sixth century. There is a limit to everything, however admirable.

That day, the sales at Christie's and Sotbeby's gave the impression of a Russian roulette game. Some unique objects made it to extravagant prices, others did not. A polychrome vase of the Qianlong period (1736-1795), of a type only seen in the Palace Collection at Beijing, sold at Sotheby's for \$1.28 million, in between two failures that hit rare porcelain

The yo-yo game, one up, one down,



affected every field in 1997. Those that used to be shielded from excesses because they were dominated by collectors, such as medieval works of art, are no longer immune. The rarefaction of art resulting from the massive entry of newcomers attracted by glitz, greed or simply the fun has sent prices soaring to such levels that only a very few genuine collectors who happen also to be wealthy can keep up, surrounded by others who are players, not connoisseurs. Prone to lose interest when difficulties arise, they use art as chips in a game that has made the market perilously unpredictable.

Even true collectors become contaminated. The failure of a sensational collection of 12th- and 13th-century champlevé enamels owned by an eminent connoisseur, Edmund de Unger of London, was the year's most surprising occurrence. Offered in New York at Sotheby's on Nov. 20 under the de-nomination "The Keir Collection," all its supermuseum stars fell unsold, killed by estimates that were triple the highest conceivable price. Although no one knows more about the art or the market than De Unger himself - or the Sotheby's department involved - one can see what led them to miscalculate.

The year before, a champlevé enamel reliquary had sold for an extravagant \$6.5 million at Sotheby's after being magnified into a national heirloom woven into the web of British medieval history on flimsy circumstantial evidence. Extravagant prices had been paid for objects in other fields. In November 1996, a French royal silver tureen and stand made in 1733-34 by Thomas Germain had climbed at Sotheby's to a mind-boggling \$10.2 million, a world record for silver.

The extravaganzas continued this year. At Sotheby's, in London, only four days after the new York debacle, a bowl of the third or second century B.C. described as "Roman." but more likely to be Iranian or Syrian, set a record for glass from the ancient world at \$2.1

The champlevé enamel failure highlights the dilemma confronting auction houses. If they give in to their con-signor's dreams and base their estimates on the most extravagant prices recorded, they are more likely to fail than to succeed. If they resist, they risk losing the sale. As the upward pressure grows. the whole market gradually prices itself out. The higher prices go, the more difficult it becomes to guarantee that a buyer can be found. The auction market has turned into a lottery where winners can only grow scarcer. For auction houses, the time when their profitability, already low, might dip below acceptable levels may not be far away, and for art buyers, the prospect is to pay ever more for a relentlessly decreasing level of quality. Many traditional art lovers are bowing out of the collection scene

## Women Color Foreground of British Art Scene

By Alan Riding New York Times Service

ONDON - The remarkable thing about the Turner Prize, Britain's best-known visual arts nalists were women. It was that the selection of an all-female short list caused little surprise. Only a few years ago, women who are artists were noteworthy for their absence here. Today, their prominent place in Britain's lively contemporary art scene is taken for granted.

"Things have changed radically," said Gillian Wearing, 34, the video and photography artist who won the \$33,700 Turner Prize last month. "The columns of a 1985 magazine, and all the shows were of men. Just one woman, Gillian Ayres, was reviewed. In my time, things have been balanced. I have

never had to worry about my gender." Indeed, if it always seemed unfair to talk about "women artists" while men were known simply as artists, today the distinction has become largely irrelevant. Feminist artists of the 1970s and '80s, notably in the United States, may be admired as heroines of a past struggle, but they are no longer role models in Britain, Here, artists formerly known as women, so to speak, are now numerous and successful.

Apart from Wearing and the other 1997 Turner finalists, Cornelia Parker, Christine Borland and Angela Bulloch,

Britain now has 15 to 20 women who have begun to make names for themselves as artists. They are represented by reputable galleries, they exhibit regularly in Britain and abroad, their shows are reviewed in newspapers and their work is being acquired by museums and

In 1993, the sculptor Rachel White-read, who is now 34, became the first woman to win the Turner Prize, and several other women have been included

### Because of a generational \$33,700 Turner Prize last month. The other day, I was looking at the art revolution, they have emerged as creators.

in Turner short lists in the '90s. Further, women accounted for 10 of the 41 artists represented in "Sensation," a group show of young British artists' works from the Saatchi collection that has just closed at the Royal Academy in Lon-

Yet because the female artists of the new generation are mainly in their late 20s and 30s, they are only distantly aware of how difficult things were as recently as the 1980s for older, established artists like Ayres, Bridget Riley and Helen Chadwick, who died in 1996.

The younger women consider it nor-

mal to enjoy freedom, equality and a degree of economic security.

'It's only extraordinary how quickly this has happened," said Cathy de Monchaux, 37, a conceptual artist who is mentioned as a possible Turner Prize contender next year. "Ten years ago, there were so few women. All of a sudden, there are too many to mention. and it's no longer considered extraor-

In a sense, of course, the rise of young women as artists merely reflects the growing opportunities for women throughout British society. Yet in the visual arts, even more than in other areas of culture, something special has occurred. British women have long been visible in movies, theater and music as performers, but not as directors, playwrights or composers. In the visual arts, they have now emerged as creators.

This has become possible because contemporary art as a whole in Britain has been transformed by a generational revolution. An exhibition called 'Freeze' in London in 1988 is now regarded as the moment the first shots were fired. Organized by Damien Hirst and displaying works by students from Goldsmiths' College in London, the show signaled the determination of young artists to win recognition without waiting for approval by the art establishment

Several women were in the show, but ambition, innovation and a certain social rage were more relevant than gender.

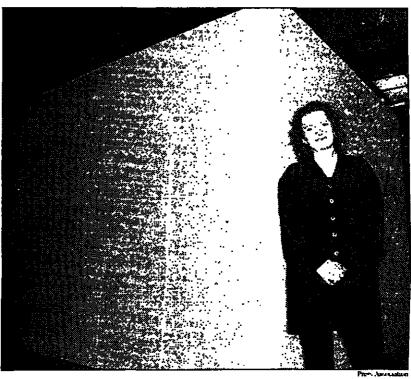
"Everyone felt it was suddenly possible to take control," said de Monchaux, who was doing graduate work at Goldsmiths' at the time. "Instead of saying, I'll be an artist when I grow up, they were saying, I'll be an artist right now."

That the movement began at Goldsmiths' was no coincidence. While British art colleges have long enjoyed a reputation for excellence, in the 1980s Goldsmiths' created a single course for students, eliminating the barriers among painting, sculpture, printmaking and the like. Its teachers also encouraged students to express themselves in new ways. Further, with a higher proportion of working-class students than other London colleges, it fostered irreverence toward tradition.

"I went to a really good art school, which wasn't about gender but about the possibilities of art," said Wearing, who graduated from Goldsmiths' in 1990.

The main obstacle to women as artists, then, was not access — there have long been as many women as men in British art colleges — but the prevailing aesthetics.

"I went to a quite macho art school in the 1970s, and while everyone was making hulking big sculptures, I was making things out of bits of paper," said Parker, 41, the oldest of the recent Turner Prize finalists. "At my degree show, someone said, 'It's nice, but it's very feminine.' I said, 'Thank you,' taking it as a compliment, but they obviously meant it as



Whiteread with one of her sculptures made from a plaster cast of a room.

At the time, British painting was dominated by men, especially by an all-male group called the London School, named by R. B. Kitaj, and headed symbolically by Francis Bacon and Lucian Freud.

But with Goldsmiths' challenging the dominant role of painting and sculpture and dissolving the traditional barriers among disciplines, women found themselves working in a new arena where

rules were not written in concrete. "The development of means of expression that are very much concerned with personal experience provides a platform where women can say something markedly different." said Nicholas Serota, director of the Tate Gallery. "I think they re more willing to expose themselves and their own vulnerabilities than men."

### SOUTHERN-SPEAK By Nancy Joline and Peg Conner

### ACROSS 72 "Exodus" role l Signals at sea 73 Furner? 7 --- Lake, N.Y. 8 "War and Peace" 76 They move in a charged atmosphere 8 Nopes 15 Indian dwelling 9 ----old 20 Like Miss Congeniality 77 Request of an 10 It's only skin-deep equestrian 21 Christie and 79 Com ----80 Multipurpose 22 Madouna role truck, for short 81 "Home Alone" 12 "Leaving Las 23 Tar? Vegas" actress 26 Reception site 13 Participatory maybe 14 "Don't ----!" 83 Stranger 27 Catty Com 15 Hercules 8\$ Teach, with "up 28 Even 16 Elliptical 87 Strong 29 Red ----17 Dah? 90 Prog. Cons. rival, in Canada 30 Tolkien 18 Pied-CLEBITIVES 19 Port on the Loire 92 Med drama 31 Sprint 24 Dweebs 93 Guns 32 Crazy, in Cannes 32 Kind of house 95 Purty? 34 Movie ratings 99 L-1011 33 Distance 35 It paves the way between pillars 38 Spar 36 Yorkshire river Porthos 39 Show 37 60's org. 103 Salon offering disapproval 38 Heyum? 104 Cable inits. 40 Caterer's need 41 Some are 105 Less than diddly 41 "Hamlet" has 106 Bank posting 42 Common setting 107 Broadcasting 42 Deposits 45 Drogheda's 43 Mme. in Madrid 109 "Aladdin" prince 44 Check out and pamesakes 46 Not separately 112 Two-46 Welcoming or New York Times/Edited by Will Shortz. parting gesture 50 Last choice on 47 Like some 96 Actor Alan of some lists dimensional 73 It may be feathered 53 Comeextent "Hope & Gloria" 56 Destined

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The galleries draw lines of the general notion that Hun-

fæling flush.

### Budapest's Appetite for Antiques "I have the money now and "We saw foreigners come what one curator called a

By Christine Spolar

and-antiques and carry home. Like many buytion season that ers, she came with wads of
is now trying to protect the art
but it's difficult." takes your breath away, but currency, hidden deep in her but it's difficult." the veteran auctioneer Judit purse. The gallery, like many Virag still has a few words Hungarian businesses still left about how Hungarians cautious about checks or cred- years old is protected as part are turning out to bid for it cards, accepted only cash. pieces of the past. 'Ît's phenomenal.''

"It's phenomenal," said ans coming and buying than rare circumstances. the tall, flame-haired doyever before," said Tamas
enne of the poshest price wars

Egy, an appraiser for 10 years

ment has become in town. "It's become a part at the large state-owned Comof the social season without pany for Consignment Sales, it recently sent six officers to having to get dressed up to go better known as BAV. "It's to a ball. There are even social not just the upper-crust groups built around this who people coming in. It's the come and bid among them middle class. People want nice things." selves for each item." Hungarians dabbled in Art and antiques are up for

grabs in dozens of galleries in auctions even during the time Budapest. No one is keeping of communism. They did not statistics, but the sidewalks of suffer the losses of art and antiques that Poland or other Falk Miksa Street in the cen-Eastern European countries ter of the capital bear witness to what one museum curator experienced in World War II, here called the latest growth and many families have been able to hold onto some of their industry. The street has become a most beautiful belongings.

nearly unbroken mile of en-But the state auctions in the ticing storefront galleries. Each bears a bit of the best of items for sale, and prices had Hungarian culture: paintings no relation to the antiques' true by renowned artists, crystal chandeliers from the turn of were printed on low-quality the century, beguiling bronze paper with poor descriptions. desk lamps, settees, breakfronts, cranky old coffee grinders, china dolls, bijou gold brooches and long knotted strands of lustrous agate.

1980s usually had far fewer market value. Sale catalogues HAT changed a few years ago as art and antiques became part of the currency of the

new rich. Laszlo Lengyel, buyers and sellers looking for head of art registration for the good prices, contributing to Museum of Fine Arts, said he noticed three years ago that garians, less than a decade new private galleries had be-

art on sale each night.

By Christine Spolar

Washington Post Service

UDAPEST—It has been the kind of art
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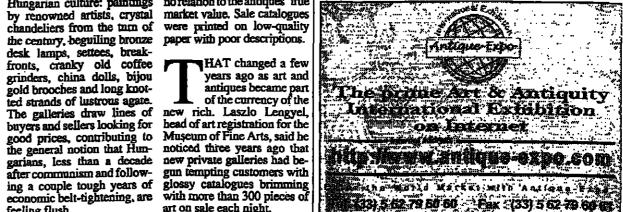
According to Hungarian law, any object more than 100 of the national heritage and "There's more Hungari- can be exported only under

The Hungarian government has become so concerned about smuggling that Italy for seminars with a police brigade that focuses on art crimes. Culture Minister Balint Magyar plans for police to begin tracking what he sees as illegal trade and the plundering of the national

heritage. Hungary wants to curb

"multimillion-dollar traffic that follows the same routes as arms and drugs." So far. few laws have been passed that directly curb the trade or from buying fakes.

NDEED, the auction scene in Hungary should be approached with a caveat: Buvers beware. Auction houses and galleries are not required to supply certificates of authenticity, so as prices soar the potential for fraud multiplies. Some paintings skyrocketed to 10 times the opening bid during the recent holiday auction season. "The size of illegal commerce is growing year to. year - we know that and we are doing something about it,'' Magyar said.



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## An Obsessive Cost-Cutter Takes Charge at Chrysler

### **New President Seeks** A Total Rethinking

By Robyn Meredith New York Times Service

DETROIT - The previous president of Chrysler Corp., Robert Lutz, is a former Marine who flies fighter jets for fun and sometimes uses his pocket knife to stir cream into his coffee, licking the blade afterward. Stepping into his shoes is Thomas Stallkamp, who became the company's president

Mr. Stallkamp, 51, is more like the rest of us. Like many parents, he spent the days before Christmas looking forward to his sons' returning for the holiday break, driving their Jeep Cherokee home from college.

While he owns a red Dodge Viper

sports car, he often tools around town in a Chrysler minivan.

And he is no golden boy, no company hotshot that everybody figured was a shoo-in for the job that makes him the beir apparent to Robert Eaton, the Chrsyler chairman and chief ex-ecutive. Indeed, he was one of several contenders for president, and his promotion last month caught some people by surprise.

But while Mr. Stallkamp is less flamboyant than Mr. Lutz, who was named corporate vice chairman a year ago after he turned 65, his plans for the company are ambitious: He wants to streamline the entire process of build-

ing and selling cars and trucks. Mr. Stallkamp said, "We really are looking at changing the way we process vehicles from beginning to end here—not just in manufacturing but in the whole development of them and the selling and marketing of them."

His main focus will continue to be the obsession that has driven him for the last decade or so at Chrysler, most recently in his capacity as executive vice president for procurement and supply — to cut costs deeply and then cut them some more. By the company's own estimate, Mr. Stallkamp drove down costs by about \$1.5 billion in 1997 alone. For Chrysler, cost-cutting does not normally mean dismiss-



L Kyte hereter/The New Lines
Thomas Stallkamp, Chrysler's new president, who slashed company costs by about \$1.5 billion in 1997.

ing workers, but streamlining its processes. For him, that was good but not good enough. He believes that bureaucratic waste and ineptitude account for one-third of all spending at Chrysler as at most American corporations and he says he is determined to eliminate "the tremendous inefficiencies that have built up over four or five

decades in this business." To do that, he plans to borrow the techniques of other companies with reputations as cost-cutters, wherever he finds them — and he finds them exclusively outside the auto industry.

For ways to rein in spending in marketing, he is studying the mass mer-chandisers Lands' End and Wal-Mart Stores Inc., he says; in buying supplies, the chip maker Intel Corp. and the electronics giant Hewlett-Packard Co.. and in manufacturing, the entire computer industry.

"I would not emulate any automobile maker," Mr. Stallkamp said. "There is more invention going on outside of Detroit than there is in Detroit, and that's what we want to tap

Wall Street took Mr. Stallkamp's elevation to signal the company would redouble its efforts to trim expenses. They face a major challenge because GM's big push for 1998 is cost-cutting, and so is Ford's, "said David Bradley, an auto analyst at J.P. Morgan Se-curities Inc. "Everyone is cutting costs

at a pretty rapid pace."

Mr. Stallkamp makes his goals for streamlining Chrysler sound simple.

It is a matter of "looking at how you do things now and how screwed up they are and fixing it," he explained. "You challenge your people to not be traditional and find out-of-the-box thinking" to solve problems.

For instance, in 1989 Mr. Stallkamp carried out a program to require sup-pliers to design and engineer the parts they make while simultaneously lowering prices. Paradoxically, the initiative ended up making Chrysler more popular than any other auto maker with suppliers by forcing them to streamline their businesses and become more profitable.

protations.

"The supplier industry is very pleased with Mr. Stallkamp's elevation to the presidency," said Siegfried Buschmann, chairman and chief executive of the Budd Co., which builds frames for Chrysler's Jeep Wranglers and doors for its minivans, and provides a number of other metal and plastic components. "Suppliers are part of the family at Chrysler." Ever since it pulled back so spec-

See CHRYSLER, Page 13

of the Kennedy School noted.

they did not heed the warnings.

Likewise, it is conceivable that al-

lowing greenhouse gases to reach some threshold concentration will cause ir-

reversible reactions, leading to a rapid

warming that will make everyone sorry

## Seoul Plans Takeover Of Two Ailing Banks

SeoulBank and Korea First to Be Sold Off

By Seth Faison New York Times Service

SEOUL — The Ministry of Finance and Economy announced Friday that it would complete a takeover of South Korea's two biggest insolvent commercial banks next month and then sell them to foreign investors.

Korea First Bank and SeoulBank were so overloaded by bad debts that they collapsed last autumn, contributing to the financial crisis that enveloped South Korea and led to a crash of both the currency, the won, and the stock market. Korea First recorded \$2.67 billion in unrecoverable debt, while Seoul-Bank had \$2.14 billion.

Under the Finance Ministry's plan, the government will take a controlling interest in the banks in early February by sinking \$738 million into each one before putting them up for sale.

South Korean news media reported Friday that Citibank, a unit of Citicorp, had expressed interest in buying at least part of Korea First Bank, while Chase Manhattan Corp. is considering an investment in SeoulBank. With all banks closed Friday for the New Year's holiday, executives could not be reached for comment.

As part of South Korea's efforts to meet requirements set down by the international Monetary Fund, which last month organized a bailout of \$60 billion in emergency loans to keep the nation from defaulting, the government here is opening its tightly-controlled financial sector to foreign investment. As of Dec. 20, South Korea had a total of \$153 billion in outstanding foreign debt, most of it in short-term loans.

Chung Duk Soo, South Korea's deputy finance minister, reiterated this week that Seoul would fully comply with IMF conditions by introducing transparency into the financial sector and doing what is necessary to restructure its ailing banks.

The South Korean government already has paid off \$1.5 billion of Korea First Bank's bad loans and \$1.2 billion of SeoulBank's unrecovered debt, slightly more than half in each case. Finance Ministry officials have said they plan to fully repay the two banks' outstanding debt before selling

Early this week, international banks in the United States, Japan and Europe agreed to grant a reprieve to South Korean banks on more than \$10 billion in short-term debt, effectively reducing the danger that South Korea would default, at least for a few weeks

Yet some smaller banks have been

unwilling to extend their loans. Although South Korea owes much less to these smaller banks, their resistance is complicating international efforts to arrange a moratorium on the repayment of loans.

Smaller banks may ultimately join the effort, but the fact that they may be willing to pull their money out of the country or take losses rather than sign on to the plan demonstrates some of the significant hurdles still facing architects of the South Korean bailout, reports

Negotiating even the preliminary steps to resolving the crisis involves delicate talks with hundreds of banks that have lent varying amounts to South

See KOREA, Page 13

### Dire Forecasts Hit Asian Currencies

Agence France-Presse

SINGAPORE — Asia's troubled currencies fell sharply Friday, the first day of trading in 1988, as regional financial turnoil entered its seventh month with no relief in sight, dealers and analysts said.

Investors sold the currencies as they became jittery after regional leaders warned in New Year's messages that the economic situation would worsen in 1998. The Malaysian ringgit fell to 3.9650 against the dollar, even as the strongest signals so far emerged from Kuala Lumpur that it was determined to streamline financial institutions.

Hong Leong Bank Bhd. an-nounced Friday that it had received the Malaysian central bank's approval to begin talks with Bolton Bhd., a property group, to acquire its finance arm.

The announcement followed reports this week that Hong Leong ports this week that Hong Leong Finance was among the companies being considered under a merger plan by the Bank Negara, Malaysia's central bank. The ringgit had closed Wednesday at 3.8750 against the dollar. There was no currency trading Thursday because of the New Year holiday.

The dollar has appreciated against the ringgit by more than 50 percent since July 2 when Thailand allowed the baht to fall freely, triggering

the baht to fall freely, triggering regionwide currency turnoil.

President Suharto of Indonesia urged the country to understand the need for tough government measures to overcome economic woes. Prime Minister Chuan Leekpai of Thailand, meanwhile, warned that the worst was yet to come. The dollar soared to 5,950 rupiah from the close Wednesday of 5,450, while it rose to 48.15 baht from 46.95.

### **ECONOMIC SCENE**

## when is a Bit of Regulation the Green Thing to Do?

By Peter Passell New York Times Service

EW YORK - What a difference a quarter-century can make. In 1972, a mostly European group of business leaders who called themselves the Club of Rome forecast that Spaceship Earth was about to run out of fuel and other essential commodities.

A "rapid, radical redressing of the present unbalanced and dangerously deteriorating world situation is the primary task facing humanity." the group concluded.

The group's report, "The Limits to Growth," sold 9 million copies and transformed the fuzzy concept of sustainability into the boly writ of the environmental movement. Since then, however, global economic output has roughly tripled without any indication that the end is nigh. Indeed, world markets are currently glutted with commodities, and the prices of most natural resources have fallen in real terms.

The easy lesson here is that forecasts are no better than the underlying as-sumptions. But the Club of Rome did touch a nerve. Markets alone, most specialists concede, may be insufficient to protect the planet from unacceptable environmental damage. The catch, as the divisions over global warming suggest, is that it is hard to know how or when to act on the insight.

First the easy part. "The Limits to Growth" looks foolish largely because the computer specialists who simulated resource use failed to incorporate marker forces in their model. In market economies, scarcity leads to higher prices, which in turn sets off a variety of compensating responses.

If copper prices rise, consumers make do with fewer copper products. More important, producers search for ways to do the same job with cheaper materials — replacing copper with aluminum in wiring, or shifting to solid-state electronics that use little expensive metal.

The denovement of the 1973-74 oil shock, which at the time lent credibility to the Club of Rome's jeremiad, proves the point. After oil prices quadrupled in the mid-1970s, the world shifted to cheaper fuels and developed energysaving technology for vehicles that could run only on petroleum.

Today, the industrial West burns less oil to produce twice as much as it did in 1972, and thanks to financial incentives, accessible reserves are larger.

"You can't underestimate the value of price signals when it comes to nonrenewable resources," said Robert Stavins, an economist at the Kennedy School of Government at Harvard.

What happens, though, with resources that are not private property and not directly subject to the hidden hand of the market? Ocean fisheries, for example, typically belong to everybody -and therefore nobody. It does not pay any individual to conserve breeding stocks because others will be happy to

reap the profit today.

That is why most of the world's great fisheries have been decimated over the last few decades. It is also why consumers have turned to aquaculture - an expensive technological fix - to satisfy their appetite for everything from salmon to oysters. But with a little help from regulation, public fisheries could mimic the incentives of private markets. Setting a maximum allowable level for the total catch, then auctioning or giving away rights could serve - and in a few cases, has served - as a substitute for the market. Clamming off the mid-Atlantic coast, for example, is now efficiently limited with quotas on indi-

vidual catches. By the same token, economists have fought to conserve environmental resources by effectively privatizing access. Tradable permits for sulfur emissions from power plants, mandated by Congress in 1990, promise to limit total emissions at minimum total cost to electric utilities. If the Clinton administration has its way, a similar system of market-based permits will someday be used to limit

global emissions of greenhouse gases. All this adds up to a potent counterargument to the pessimism of the Club of Rome: Technology, guided by the hidden hand of the market, has made it possible for a huge population to live better than the ecological doomsayers of 1972 would ever have guessed. And, most apparently, scarce environmental resources — air, water, natural habitat can be stretched a lot further by applying

a little economic sense to the problem. To give the pessimists the benefit of the doubt, though, it is still conceivable that economic activity will overshoot and produce irreversible damage. Catch many fish, and it takes years to rebuild the fishery. Catch way too many fish, and the species never comes back. There is plenty of precedent. "The passenger pigeon is extinct," Mr. Stavins

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### Very briefly:

· America Online Inc. said it would seek punitive and compensatory legal action against the National Organization of Internet Commerce if the small Internet business group goes ahead with its threat to make public as many as 5 million AOL member names. The Chino, California-based group said it would post the names on its Web site Jan. 8 if AOL does not negotiate with the group over allowing it to send ads to the service's 10 million members.

• TRW Inc. will be awarded by late March the first installment of a contract eventually worth about \$1 billion over five years to replace the guidance systems of the U.S. intercontinental ballistic missiles, an Air Force official said.

 Chile's central bank issued rules making it easier for banks to do business outside the country, part of a long-awaited relaxation of restrictions on foreign investment by finance firms. • Blackstone Group and Park Tower Realty formed a joint venture to buy and develop one or more of the remaining sites available for office development in New York City's Times Square area.

• Multimedia Games Inc.'s offices were searched by federal agents seeking evidence that its MegaMania electronic bingo game violated laws about gambling on American Indian

### U.S. Ruling Hits Shares of AT&T Compiled by Our Stuff From Dispatches

NEW YORK — Shares of AT&T Corp. were down more than 4 percent in late trading Friday and other long-distance companies were battered in the first trading since a federal judge gave regional phone companies an unobstructed path to compete in the \$80 billion long-distance market.

MCI, Sprint and WorldCom also fell, while among regional Bells, SBC Communications was up. The Justice Department nearly 1.4 percent higher, at Packard and Intel were among the said it would appeal the ruling.

(AP, Bloomberg) 3,040.14. (Bloomberg, Reuters) big gainers.

**AMEX** 

NEW YORK - The dollar was higher against other major currencies late Friday, touching a five-anda-half-year high against the yen and gaining against the Deutsche mark arnid expectations the Japanese and German economies would continue to sputter in the new year.

**And Mark** 

The dollar was quoted at 4 P.M. at 132.295 yen, up from 130.575 yen Thursday. It was at 1.8035 DM, up from 1.7988 DM.

The dollar also rose to 1.4650 Swiss francs, compared with 1.4620 francs, and to 6.0346 French francs, from 6.0235 francs. The pound fell to \$1.6455, compared with \$1.6475. Traders sold yen on concern that

### Japan was not moving swiftly enough to spur consumer spending

FOREIGN EXCHANGE

or slow bankruptcies among its financial institutions. Many of Japan's closest trading partners are getting battered by slowing economies and plunging currencies.

"The yen is really suffering a con-fidence problem," said Stephen Flanagan, chief currency trader at Erste Bank in New York. "People have lingering doubts about the Far East and they're looking at the world and saying, 'If I've got to be anywhere, I prefer to be in the dollar.'"

Weakness in the Japanese economy has pushed five financial institutions, as well as other compainto bankruptcy since November. Some analysts expect more to follow.

"The economic picture in Japan is pretty gruesome, whereas the U.S. is a safe haven," said Tony Norfield, a Treasury economist at ABN Amro Hoare Govett in London. The dollar also got a lift from rectations that investors would re-

main lured by U.S. financial assets. The dollar is climbing on the back of a strong bond market," said Robert Katz, a currency trader at MTB Bank in New York. "The U.S. close has a strong economy with the absence of inflation, and that's attract-

ing some flows into the dollar."

The soaring U.S. currency helped European shares post strong gains Friday. In London, the FTSE-100 index closed 1.13 percent higher, at 5.913.5, in a half-day session, while in Frankfurt, the DAX index ended 1.55 percent firmer, at 4,315.37. In Paris, the CAC-40 index closed

# Dollar Rises Tech Talk: Silicon Valley's Original Lexicon Against Yen REFERENCES

Washington Post Service

AN FRANCISCO — Ann Winblad, one of the software industry's leading venture capitalists, leaned back in her chair and issued the ultimate put-down. "He was sucking his own exhaust." she declared of one exec-

Ms. Winblad was not describing a failed entrepreneur attempting suicide, but someone so full of himself that he believes his own press re-

Welcome to the world of venture capital: Silicon Valley, incubator of computer companies, fortunes, entrepreneurs and, increasingly, its own way of describing the world.

Anthropologists say that the more isolated a culture is, the more rapidly it develops its own language, norms and, ultimately, values. No physical barriers separate Silicon Valley from the rest of the country, or even from the rest of California. But what makes the valley different is a potent mixture of technology

In the past three years alone, bil-

talists financing new companies and executives, as part of a research stock market investors helping firms

go public. for granted in the valley, says Ms. might lead to marriage. Winblad, who co-founded Hummer

Francisco-based venture capital **CYBERSCAPE** group that spe-

cializes in soft-

initiation into the club.

people work and, ultimately, how they talk about their world. Those dollars are going to the geeks, people who started speaking problem-solving techniques that in bytes and bands around the same work so well on the software. time they discovered the Who. Pulling all-nighters, fueled by Diet

is changing their lives as well as his company's second fiscal everyone else's, and in Silicon Valley, it has even blurred the once rigid boundaries between work and home, said Charles Darrah, head of Jose State University.

lions of dollars have washed into interviewing dozens of people in the Silicon Valley, from venture capiproject aimed at making sense of the culture. Some are seeking "value-Money is a commodity" taken added relationships," the sort that

home on Satur-

Others schedule "work groups Winblad Venture Partners, a San not with colleagues from 9 to 5 at the office, but at

day morning, with the family. ware companies. And when money flows so freely, it changes how the same as creating a "killer app" - you boil down a complex challenge into a series of smaller probleans and then apply the classic

An entrepreneur, who requested anonymity, confessed that he had trouble remembering the precise day of his girlfriend's birthday, but Coke and pizza, was part of the The technology they have created that it takes place in "Q2," during

"What's your space?" is an increasingly common question around the valley. It is a way of asking the anthropology department at San someone what they do for a living, ose State University.

implying that the living is more than Mr. Darrah is in the midst of a day job, it is a way of life.

month — the lowest reading since

January 1997 — from 54.4 in

lower December reading of 54.0. A

reading of 50 or more in the NAPM

index means manufacturing is ex-

panding, while a reading below 50

As 1997 ended, manufacturers

were wary about the economic out-

look for the new year and concerned

about "weakening in new orders,

signals a contraction.

simply goes to work. Real entrepreneurs "do a company," that is, they throw their heart, soul and waistline into creating a business.

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Some start-ups flunk the "elevator test" --- namely, the company's founder cannot describe the market potential and money-making opportunity in the time it takes an elevator to reach the desired floor.

Then there is the what-who-whowhat, a crucial series of questions for a startup: What is the innovative idea? Who is backing it? Who is managing it? What is the "exit strategy?" (In valley argot, does the entrepreneur hope to sell out or cash out if the idea turns to gold?)

The status worth more than gold these days in the valley is being "pre-IPO" - possessing stock options that could one day make an entrepreneur rich, should the company reach the promised land of an initial public offering.

Within such startups are talented engineers, "vesting in peace" as they accumulate options over time, said Neil Weintraut, a partner with Twenty-first Century Internet Venture Partners.

As a Silicon Valley startup gains momentum and needs to hire more people, recruiters are called in. Though most are ethical, some resort to "dumpster diving," or scouring company trash bins to find the names of talented engineers to recruit.

In the meantime, a startup also has to "position itself" - describe its business, its products, its markets and its strategy in a few compelling points. Some executives are widely known as visionary leaders who can November. Analysts expected a inspire their troops to get the products out. Others are charmers who create a "reality distortion field" --- promises of tantalizing technology that ultimately are impossible to keep.
"Hard-wired" technologies once

meant computer chips and printed circuit boards. These days, the hardwired are those people who are most in tune with the latest technologies. The most hard-wired are able to "think out of the box," or discard conventional ways of thinking to come up with imaginative ideas.

'Perhaps you're seeing some of What every venture capitalist fears are entrepreneurs or compawhich is hurting foreign nies that "run out of cycles," demand for U.S.-made goods, said simply lose the drive and mo-Kevin Flanagan, an economist at mentum needed to win in the mar-Dean Witter Securities in New ketplace. They rely instead on the 'serial entrepreneurs," people who The benchmark 30-year U.S. keep starting company after company and are addicted to the ex-Treasury bond rose more than a full Stocks were responding in part to point, pushing the yield down more citement of new products and the

Internet address: cyberscape@iht.com

## **Shares Rise on Rosy Inflation Data** But Sybase shares fell as much as Asia and railroad snarls hurt orders

NEW YORK - Stocks rose slightly Friday, with blue-chip shares starting the new year by posting small gains along with other market indicators on a report suggesting continued low inflation and

The Dow Jones industrial average closed up 56.79 points at 7,965.04. The blue-chip barometer, which posted a 22.6 percent gain in 1997, opened the day with a 44 point gain before turning lower and then recovering near the close. Declining issues outnumbered advancers by a 9-to-7 margin on the New York Stock Exchange, where volume was sluggish. Financial markets were closed Thursday for New Year's

The Standard & Poor's 500-stock index rose 4.59 points to close at 975.02, and the Nasdaq composite index gained 4.59 points to close at 1,581.52.

Computer-related stocks rose as investors bought shares of companies whose stocks have been battered in recent months. Apple Computer, Compaq, Dell, Hewlett-

33 percent after the database soft-ware maker said its fourth-quarter sociation of Purchasing Manageresults will fall well below expec-ment's index declined to 52.5 last tations amid declining North American sales. Sybase was the thirdlargest percentage decliner on U.S.

Sybase, which makes software to manage huge libraries of information, said results would range from a profit of 2 cents a share to a loss of 7

### U.S. STOCKS

cents. The company told analysts about "weakening in new orders, that revenue would fall as much as the strength in the dollar, Asian de-8.5 percent from the year-earlier mand and railroad delays," said period to between \$245 million and Norbert Ore, chairman of the \$250 million because of sluggish NAPM survey committee. sales in North America.

Motorola shares rose in their first the early signs of the Asian financial trading opportunity after the wireless-communications and semiconductor producer announced it would oin with Siemens AG of Germany build a computer-chip plant in Dresden, making it Europe's largest semiconductor project.

closely watched gange of U.S. than 7 basis points to 5.85 percent, frantic pace of change. manufacturing, which cooled in the lowest since October 1993. December as the economic crisis in

Jan. 2, 1998

High Law Latest Chae Colid

## (AP. Bloomberg)

crisis,

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# Vineyard in Georgia Gives U.S. Investors a Hangover Cauter Union than Cestful joint venture with local ent

The Georgians say they

cannot get 'competent'

American managers.

TBILISI, Georgia — Back in 1993, it looked like a perfect opportunity: a marriage between Napa Valley vintners and an ancient between Napa Valley vintners wine-making industry that had recently been liberated from Communism and the former Soviet Union.

The group of eager investors included Eric Wente, a top executive of the Wente Brothers illusioned, the Ameriwinery in Livermore, California, and George Shultz, the former secretary of state. The group invested about \$1.5 million into a privatized winery here called Sameba. Mr. Shultz, who was strictly a passive investor, even clinked glasses here in a celebratory toast-with Eduard Shevardnadze, the former Soviet foreign min-

ister who is now president of Georgia. public has been producing wines for nearly 5,000 years. The hillside villages and vine-yards look as though they would fit in Italy's lush Tuscany region. Georgian wines enjoy a special cachet across Russia and much of Central Europe. While not in a league with the fine vintages of France or California, they can price range, the investors believed.

munist hinterland into an American-style Georgia's wine industry. From Warsaw to

literally throw him out of their offices. Discouraged and discan investors do not expect to see any return on

partners threatened to

our faxes anymore," Mr. Wente said. "It the sterns are fermented together in giant clay became increasingly obvious to us that their casks and later separated out. agenda was not to build a company but to preserve a lifestyle."

The appeal was obvious. Thanks to a warm climate and rich soil, this former Soviet reafter the Soviet Union collapsed, Russia and former republics like Georgia have rushed to embrace capitalism and Western investors. But as often as not, companies here have balked at devastated by economic depression. Georgia conventional Western business practices and slipped back toward the habits of cronyism and self-dealing that pervaded the old system.

Western investors know this, at least in be competitive internationally in a moderate principle. But the allure of a historic turnaround opportunity can be irresistible, and

tlers from places like Moldova and parts of Russia routinely try to pass off their wines as "Georgian."

their own distinctive aptheir money.

"They don't answer our telephone calls or the grapes along with their skins and some of proach to fermenting:

> After the collapse of the Soviet Union, Georgia's wine industry seemed to have nowhere to go but up. Government mismanagement had left most wineries with antiquated bottling and pressing plants. The industry's traditional mar-

was itself bogged down in several civil wars.
To people like Mr. Wente, new equipment and modern marketing could go a long way.
To be sure, some Westerners have thrived here. The Dutch wine bottler Royal Cooy- here every day," Zourab Tkemaladze,

But today the joint venture bears witness to the difficulties of transforming a former Comthe difficulties of transforming a former Comsibilities in the former Soviet Union than cessful joint venture with local entrepreneurs called Georgia Wine and Spirits. The Dutch company has overhauled most of the winemaking process, imported all the supplies for bottling and increased marketing efforts. Sales have doubled from 1.5 million bottles in 1996, at a wholesale price of roughly \$3 a bottle, to 3.2 million bottles in 1997.

But for the Americans who bought into Sameba, things have not gone so well. The Vintners here have company remains in full production, based in a vine-covered villa here in the Georgian capital. But the Americans say they ran into conflicts with their Georgian partners from the first moment, and those problems were only made worse by Georgia's struggles with civil war and economic turmoil. It did not help that a founder of the company killed himself after having seen his two sons killed -- one in a gangland vendetta.

The Georgians insist they still relish their partnership with the Americans, but that they simply cannot get "competent" American

"It was one thing to go into a joint venture and put money in, but something quite dif-ferent to work here and come to these burdens mans has teamed up with entrepreneurs in Sameba's general director, said.

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Investor's Europe

### RUBLE: Russians Wary of Reform

Continued from Page 1

monetary instrument in Russia. were introduced by the United States, the shift was relatively pain-

But that does not mean this one currency exchanges have again become common, and in the last two weeks, banking officials say, Russians converted twice as many previous two.

exchange it, and beginning Jan. 1 markets. there is a new 2 percent tax on money converted from dollars to

The safe bet on the almighty dollar will cost most people about 7 percent of the money they are trying

'We understand that to battle years of very unpleasant currency reforms is hard," said Irina Yasina. the chief spokeswoman for the Russian Central Bank, which has mounted an exceptionally detailed and

"But we know that only our acprove that there are no hidden tricks

At the urging of economic advisers, who said that currency re-

money, Mr. Yeltsin announced the change last summer at a time when the economy looked as if it was finally about to emerge from years

of deep depression.

With the annual inflation rate having fallen from more than 1,000 will be. Long lines at banks and percent in 1992 to under 14 percent Thursday, the new currency was to have been the signature symbol of better times.

But the second half of 1997 rubles to dollars as they did in the brought a new round of bad economic news for Russia. Tax rev-Most consumers will hold onto enues became so anemic that the those dollars until sometime next International Monetary Fund deweek, just in case their worst fears cided, for a while, to suspend loan are once again confirmed. That payments. The crisis in Asian ecomeans many people will have paid a nomic markets hurt Russia badly commission to take their money out because many skittish investors reof the bank and a commission to acted by pulling out of all emerging

Predictions of economic catastrophe, common here from all sides of the political spectrum, began to take on the ring of truth.

"Nobody could have guessed it last summer, but psychologically, you'd have to say this has become a difficult time for making such visfears that have built up in Russian people who have lived through 75 peter Derby, president of Dialogue years of very unpleasant currency Bank in Moscow. "And as much as anything else, this is a psychological maneuver."

As with most economic issues in Russia today, public opinion polls patient public relations campaign in suggest that young people are far an attempt to convince people that more open to the changes than their this time there is nothing to fear parents. More than three-quarters of people under 40 interviewed in one "We continually assure people recent poll suggested that the

For those over 60, who trust the tions on Jan. 1, 2, 3 and beyond can government less than anyone else and have been hurt most by the barsh pace of reform, the percentages were nearly reversed.

The good news is that 3.6 rubles

form would increase the confidence of investors while making most Russians feel better about their price for a loaf of bread than 3,600.



sales Friday in Paris as the post-holiday discounting began.

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### With No Rebates, Car Sales in France Hit a 22-Year Low

PARIS — Car sales in France plunged 19.7 percent in 1997 to a 22-year low, a reflection of withdrawal from a market accustomed to subsidies, the French association of carmakers, CCFA, said Friday.

New car registrations totaled 1.71 million in 1997, the lowest figure since 1975 when 1.48 million new cars were sold in France, the CCFA

Sales had surged 10.5 percent in 1996 to 2.13 million units on a government rebate program offering trade-in customers discounts amounting to as much as 10 percent on the price of a new car. The French government implemented the program, which ran through Sept. 30, 1996, to ease the pain that followed the expiration of a previous rebate plan that peaked in 1990 with sales of 2.31 million units.

"The negative impact linked to the expiration of the car rebates was said. "It was not until autumn that the decline stopped, but the market levels remained low."

December car sales rose 7.9 percent to a provisional 155,720. Although it was the second consecutive monthly rise, the gain was just 2.9 percent when the difference in the number of working days was factored in.

market in 1994, 1995 and 1996 were due to the rebate incentives," said Francois Colli, an auto analyst at Paribas. "When they stopped, we ended up where we were in 1993," when sales totaled 1.72 million units. "The market is fundamentally upon when sales to the colling of spect for the currency as a result. The bad news, already evident on the street, where official prices must be posted in old and new rubles, is that price rises are almost certainly going to be one result of the change.

"If I am charging 96,000 rubles Paribas. "When they stopped, we ended up where we were in 1993," the proprietor of a new computer store in Moscow. "I don't think most people would notice the difference."

"Tancois Colli, an auto analyst at Paribas. "When they stopped, we ended up where we were in 1993," the proprietor of a new computer store in Moscow. "I don't think most people would notice the difference."

### Very briefly:

 Computer 2000, a German computer distributor owned by VIAG AG, posted a net loss of 70.4 million Deutsche marks (\$39 million) in the 1996/97 financial year. Sales in the year ending Sept. 30, 1997, were 8.23 billion DM, down from 6.64 billion DM the previous year.

 Amsterdam Exchanges NV plans to ease its listing rules. which are unnecessarily rigid and in many cases tighter than the European standard, its chairman, George Moller, said.

· Sweden's new registrations of cars rose 14 percent in December from a year earlier to 19,424 cars, according to Bilstatistik, the Association of Swedish Automobile Manufacturers and Wholesalers.

The Brussels Stock Exchange, the derivatives exchange Belfox and the settlements and securities depositary company CIK will go ahead with a planned merger during 1998, according to a statement from the exchange.

 BAT Industries PLC is to buy a 51 percent stake in Tekel. Turkey's monopoly alcohol and tobacco company, from the government for \$100 million and a further \$300 million investment, the on-line edition of the Wall Street Journal • Alitalia SpA may be interested in Singapore Airlines Ltd.

as a possible future Asian partner, but such a link-up would be hampered by existing alliances with European carriers, according to analysts.

• Sabena Belgian World Airlines carried 6,772,893 passengers in 1997, an increase of 30.9 percent from 1996.

Reuters, AFX, Bloomberg

### the expiration of the car rebates was felt throughout the year," the CCFA Italy's Deficit Drops Sharply

ROME — Italy's 1997 budget deficit was less than half the 1996 total, a surprise development that investors and analysts said made the country an even likelier candidate to join the European single currency at its planned inception in 1999.

The deficit came in at 52.5 trillion lire (\$29.66 billion). below expectations, down from 128.852 trillion lire in 1996, the Treasury said Friday. The smaller shortfall was owed to a budgetary surplus in December that rose more than fourfold from a year before, to 22.5 trillion lire.

Analysts said the deficit figure made it likely that Italy, long deemed too high a deficit spender to allow it to join the single currency, would fall below the 3 percent of gross domestic product required to join. They estimated the deficit at between 2.6 percent and 2.7 percent of GDP. That would allow Italy to qualify to adopt the new currency, the euro, on Jan. 1, 1999. "With a deficit of 2.7 percent, Italy does better than the French, the Germans, and the Spanish," said Michele Moliternia a fund manager at Fondieri in Rome. "That dispels the literni, a fund manager at Fondicri in Rome. "That dispels the doubts of even the more skeptical."

## WORLD STOCK MARKETS Friday, Jan. 2 Prices in local currencies. 364 967 376 880 147552 1145 1145 472 472

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**Markets Closed** 

Several stock markets in Asia and Europe were closed Friday for the New Year's

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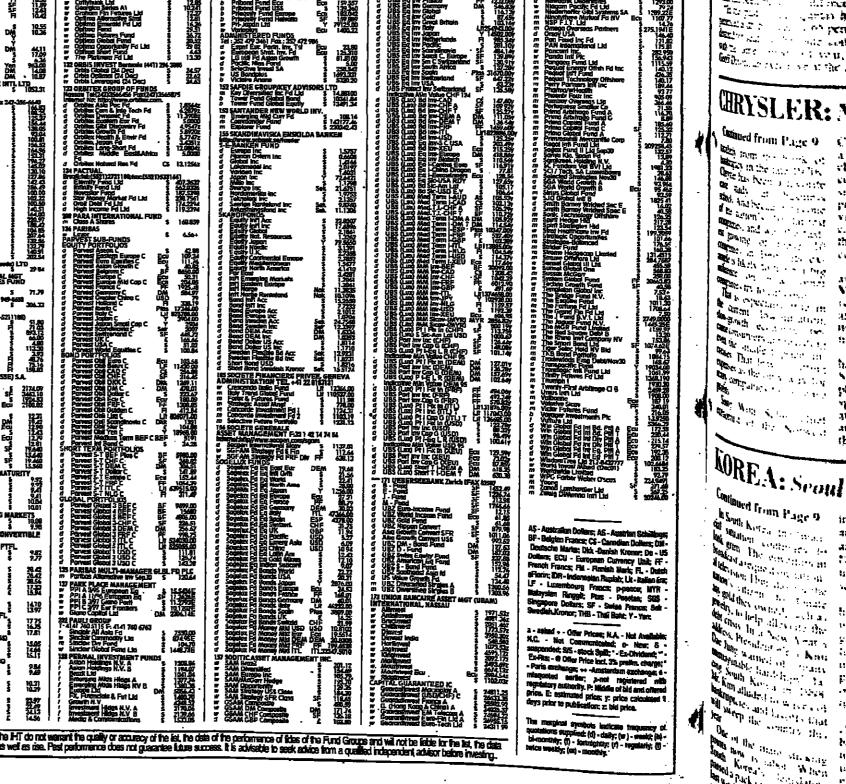
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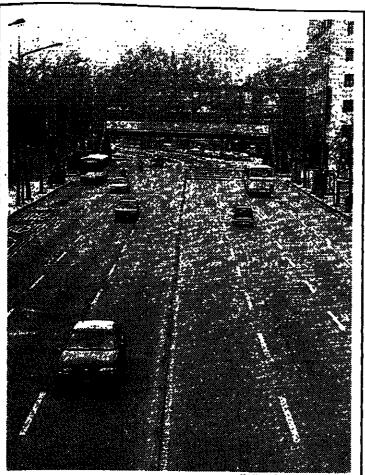
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### ASIA/PACIFIC

## South Korea Is Looking for a Few Good Bookkeepers



A street in Seoul was nearly deserted on Friday, as a holiday and an increase in gasoline prices kept residents at home.

### U.S. Accounting Standards Will Soon Become the Norm

By Kevin Su<u>llivan</u> Washington Post Service

New Year's Eve holiday, so Jung Seung Yong was bundled up in a flannel jacket with a portable heater classroom with his calculator, notes and an accounting textbook.

"I want to make some contribution to our country," said Mr. Jung, 40, a computer company employee who has been studying for a year in hopes of passing the U.S. certified public accountant exam. 'Our markets are going to be open to the whole world, so we need standardized practices."

Accounting may not be sexy, but it will be pivotal in determining whether South Korea will be able to pull itself up from financial ruin and regain its place as an economic power. The International Monetary Fund and other lenders have stepped in to rescue the world's 11th-largest economy with loans totaling about \$60 billion. In return, the IMF is demanding that South Korea reform its murky economic practices and become a more "transparent" econ-

In blunter terms, that means South Korea has been told it no longer can cook the books. The IMF is seeking a South Korea in which corporations no longer will be able to hide debts by

IMF has urged, and no more po-SEOUL — It was cold on the litically influenced loans to cronies is the standard set by the U.S. exam. without a credit check. No more spreading corporate debt around to so many subsidiaries that only the at his side. He sat alone in the drafty chairman knows for sure whether the test. An additional 80 people will company is a million dollars in the black or a billion in the red.

> No reform, no IMF bailout - and no future, the bank's negotiators have warned. To prevent that, one of the first things South Korea needs is a few good accountants, and Choi Chang Ho is aiming to fill the need.

> Mr. Choi, 39, an American-trained certified public accountant who has studied at American University and Georgetown University in Washington, runs the Korea Accounting and Information School, one of only two or three private institutions in South Korea offering courses to prepare students to take the notoriously difficult U.S. accountancy exam.

'In Korea, we are very secret business people; we keep secret books," said Mr. Choi, whose school is affiliated with the California-based Becker CPA Review program. "But the IMF has said we ive to adapt and become more transparent, so people have got to

learn the U.S. standards." That means South Korean countants must begin following the same accounting rules as the Amerkeeping a second - or third or fourth ican, European and other Asian

— ledger far from public view. No companies they trade with. The in-more cash in the desk drawer, the ternational language spoken by bookkeepers in the global economy

> Since Mr. Choi started offering the courses in July 1995, 27 of his students have passed the American travel to Los Angeles in May to take the exam. The school has 250 students enrolled, up from 200 last semester and heading for 300 in the semester that starts in March.

After the economy went sour and the IMF program was announced last month, the number of applications took off. Ads in local newspapers are getting triple the response they received in November. When Mr. Choi gave a seminar describing his program two weeks ago, he ex-pected about 50 people to attend, but 170 showed up. Demand is especially high among mid-career professionals who see the writing on the wall: Learn the way the world does business or be left behind.

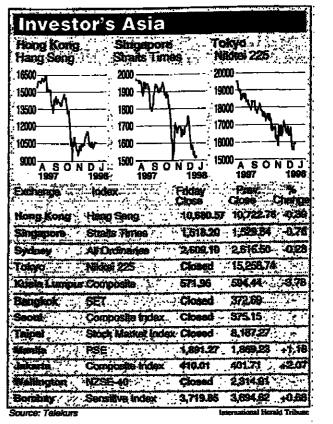
American companies in Seoul, including Ernst & Young and Citicorp, are paying their employees to take Mr. Choi's courses. Firms such as Coopers & Lybrand, Price Water-house and KPMG Peat Marwick have hired his graduates. One of Mr. Choi's former students just opened a similar school, and Yonsei University soon will offer courses to pre-

pare students to take the U.S. exam. "I would think that sort of school would do quite well here over the next few years," said Stephen Bos-worth, the U.S. ambassador to South Korea. "As part of the IMF program, and in their own self-interest, Koreans are going to have to raise their level of corporate governance to world standards."

Certainly, a handful of newly minted accountants are not going to change the way Korea Inc. does business, no more than a few people with paddles could change the course of an oil tanker. But most people here agree that the seeds of change are being planted in courses such as those offered by Mr. Choi.

"Our economy is going to open up to foreigners, so we need to know international standards," said Yoon Kyung Sik, a partner at Ernst & Young, which is sending eight em-ployees a year to Mr. Choi's school.

Mr. Yoon also said that the South Korean market is still effectively closed to foreign accountants. Technically, foreigners are allowed to work in the field, he said, but they must pass the South Korean accountancy exam in the Korean language, which few can manage:



### **Very briefly:**

• Chongqing, the Chinese metropolis, has pioneered a tax on cigarette sales to help pay for anti-smoking campaigns; the urban area imposed a levy of 0.1 percent on sales by cigarette manufacturers and vendors, beginning Jan. 1, to fund healtheducation and smoking-prevention activities

• Pearl Oriental Holdings Ltd. said sales worth 558 million Hong Kong dollars (\$72 million) had just collapsed, the second time in two weeks the Hong Kong developer reported that major sales had fallen through.

· Sakura Bank Ltd. and units of the Mitsui group are considering forming a holding company, a Japanese news service reported, quoting financial-industry sources.

• New Zealand's current-account deficit is a source of concern, Moody's Investors Service Inc. said, adding that fallout from the Asian financial crisis could exacerbate the situation. · Sri Lanka's tea industry said it feared an expected drought would affect output this year after a boom year in 1997,

• India eased restrictions on textile imports in line with its agreement with the European Union, Australia, Canada, Japan, New Zealand and Switzerland to lift restrictions by 2003. India's central bank tightened its supervision of small, non-

bank lenders by limiting the amount of long-term deposits they can accept and capping the interest rates they pay on annual deposits at 16 percent. • China's textile industry suffered an 8.6 percent drop in

investment to 11.4 billion yuan (\$1.37 billion) in the first 10 months of 1997, compared with the previous year, despite government efforts to bolster the sector.

• Vickers Ballas Holdings Ltd., the Singapore-based brokerage, said it agreed to pay 2.8 million Singapore dollars (\$1.66 million) to Singapex Investments Pte. for the remaining 20 percent stake of its Philippine unit, its second move in two weeks to expand operations in Southeast Asia.

•Mitsubishi Corp. is introducing a so-called extranet system to provide a link to its corporate customers in Japan, Taiwan and Hong Kong via the Internet, Nikkei English News re-Bloomberg, Reuters, AFP, AFX

## Malaysia Sets a Deadline for Finance Mergers

By Thomas Fuller ernational Herald Tribune

KUALA LUMPUR - Aiming to avoid a Thai-style financial meltdown, Malaysia's central bank on Friday set a "target deadline" of

March for mergers of the country's

many small finance companies. was buttressed by the announcecountry's biggest banks would take runs by panicked depositors. over a small finance company.

would take over Bolton Finance Bhd., but it gave no details as to how the deal would be structured.

The merger would create Malaysia's fourth-largest finance company, with assets of 9.3 billion ring-(\$2.38 billion), said Hong Leong's managing director, James Lim Cheng Poh.

Lai Tak Heong, director of research at SocGen Crosby Research Malaysia Sdn., said finance company mergers would "reduce sys-

"If you have one small finance company collapsing," he said, "it may affect the whole system."

As Malaysia's economy has The statement by Bank Negara slowed in recent months, many loans have turned bad, leaving smalment hours earlier that one of the ler finance companies vulnerable to

ver a small finance company.

Hong Leong Bank Bhd. said it are really tiny and frankly have no reason to be around," Mr. Lai said. Basically Bank Negara is using the big stick and saying you gnys have to be taken over, full stop." Mr. Lim, the Hong Leong ex-

Finance companies were at the center of Thailand's financial crisis, and Bangkok was forced late last ear to shut down 56 of 91 finance

The move by Bank Negara is aimed not only at preventing a repeat of the Thai crisis but at consolidating the financial sector before Malaysia further opens up to foreign participation.

"The finance companies are pooling their resources so that they can withstand external competition." said Mohammed Ariff, ex- one, that doesn't mean you're going ecutive director of the Malaysian to get a decent-looking balance sheet Institute of Economic Research, a government-linked think tank.

Officials hope to stem the flow of ecutive, said several small finance deposits from local banks and ficompanies seemed eager to merge. nance companies to foreign-owned capital, and one way to do this is by "They see the situation is more difficult and they put themselves on the lines have formed at local branches the shareholding structure."

of Standard Chartered Bank and Hongkong Bank, despite the fact these banks often offer lower interest rates than Malaysian banks.

There are a total of 39 finance companies in Malaysia today. The central bank said Friday that it had "envisaged" that by the end of the first quarter of this year, 90 percent of finance company business would be in the hands of about six companies. Still, analysts said the mergers would not solve all of the finance

companies' problems.

"If you mix a big one with a small out of the new companies," said Steve Clayton, managing director of Caspian Securities. "The solution to the problem is the creation of new

## **Qantas Suspends Its Service to South Korea**

said Friday it would suspend services from South Korea to Australia because of a slump in passengers from the region, the third airline to cancel flights on the route amid Asia's deepening economic crisis. to meet debt repayment commitments

The moves confirm the worst fears of tourism authorities, who have been forced to drastically revise their projections of growth in Asian tourist arrivals, which had been buoyant until recently.

"In the past month, Qantas has experienced a drop of nearly 65 percent in demand for seats on the route, compared with the same period last year," said Geoff Dixon, an executive at the airline.

SYDNEY - Qantas Airways Ltd. much as 50 percent against the U.S. least profitable. dollar in the past year, and the country has been forced to accept a \$60 billion bailout from the International Monetary Fund and major industrialized countries

> and reform its financial system. On Dec. 22, South Korea's privately halting its two flights a week into the passengers. northern Australian resort of Cairus, while Air New Zealand suspended four flights a week from Anckland and Bris-

bane to Seoul as of Dec. 31. decrease in business from North Asia Sydney.

The South Korean won has fallen as and said Asian routes were among its

Mr. Dixon said that yields on Qantas's South Korean routes had not been performing very well for some time, and that the route made up a small proportion of the airline's overall business. He said the airline carried about 65,000 passengers from South Korea last year, owned Asiana Airlines announced it was compared with about 17 million total

Ian Myles, a transportation analyst at Macquarie Equities, said the move would not have much impact on Qantas's profitability. Shares in Qantas

### In November, Qantas foreshadowed a fell 4.6 cents to 2.67 dollars Tuesday in (Bloomberg, AFP)

### Continued from Page 9 tacularly from the brink of bankruptcy in the late 1970s, Chrysler has been a favorite case study at business schools. And because it is one of the nation's 10 largest companies, and was the fastest growing of these 10 companies in 1996, its example is likely to have a big infinence on how other

companies try to cut costs. That is especially true in the current low-inflation, slow-growth economy because consumers are resisting even the smallest price increases. That leaves cutting expenses as the only way for many companies to increase

Sung Won Sohn, chief economist of the Norwest

a fundamental psychological that.' change in America where the umers and buyers are basically expecting premium products and premium services at lower prices. You cannot raise prices, the only

thing that you can do is cut

Despite his new standing as the next in line to succeed Mr. Baton, 57, Mr. Stallkamp is known for his low profile and his self-effacing humor, most recently about his pro-

"Why me, many of you have asked," said Mr. Stallkamp under the glare of photographers' lights as he spoke to two dozen reporters at a news conference after the announcement. "I'm sure

CHRYSLER: New President Aims to Streamline Entire Process

To outsiders, the promotion pany, Mr. Meyers said. makes sense. "He's a no-nonsense cost-cutter," said Gerald Meyers, the former chairman of American Motors Corp., who teaches leadership at Carnegie Mellon Graduate

Chrysler's board has given an unusual structure to the management team, one that suggests Mr. Stallkamp will concentrate on streamlining the company's organization and leave production decisions to the experts.

there are going to be days when it comes to which cars

Corp., said, "There has been ahead when I ask myself and trucks are built. "That's unheard of" at an auto com-

Instead, Thomas Gale, 54, an executive vice president who was passed over for the president's post and who has been responsible for some of Chrysler's most popular car School of Industrial Admin- and truck designs, will overistration in Pittsburgh. "He's see design and future vehicle not an ideologue—he's not a strategy, reporting to Mr. strategy, reporting to Mr. Eaton, the chief executive.

Indeed, Mr. Stallkamp seems most interested in the applications of broad business theories. Already, despite being run by a branch of macho car guys, Chrysler is perhaps best known for its executives' ability to work Although he holds the title well as a touchy-feely team. of president, Mr. Stallkamp Mr. Stallkamp and other exwill have no direct authority ecutives said that would con-

## KOREA: Seoul to Sell Off 2 Banks as Financial Reform Begins

In South Korea, the financial situation continues to look grim. The government broadcast a request on national television Thursday for the nation's citizens to donate any gold they owned, such as sewelry, to help alleviate the debt crisis. In a New Year's address, President-elect Kim Dae Jung warned of "many unimaginable hardships" facing South Korea in 1998. Mr. Kim alluded to waves of bankruptcies and layoffs that will sweep the country this

One of the main sticking points now is labor. When South Korea's legislators passed a package of new laws last week aimed at easing restrictions on foreign investment in South Korean compa- that a foreign takeover of a

any agreement on the scope and mechanics of laying off financial workers in Korean institutions that are put up for

So while many cashhungry South Korean companies suddenly look like bargains for foreign buyers, particularly with the steep drop prices, the nation's notoriously militant labor force remains an obstacle. One of the significant

changes will allow foreign banks to open retail branches in South Korea this year. But it will likely be far more costeffective to take over an existing bank that already operates a large number of branches than to open new branches. Bankers have said

Continued from Page 9 nies, a notable exception was South Korean bank could be in the form of a joint venture ports increased 5.3 percent, to with a local conglomerate. \$136.6 billion in 1997, while with a local conglomerate. Separately, South Korean

> figures Friday, showing that trade imbalance, compared the country posted a \$2.32 with a \$20.6 billion trade imbillion trade surplus in balance in 1996. December. With the currency dropping so sharply, imports of South Korea's falling cur-tumbled 24.7 percent, to rency is the way it makes the in Korean currency and stock \$10.24 billion, while exports country's exports so cheap increased 2.8 percent, to overseas, while making im-\$12.56 billion.

imports fell 3.8 percent, to media reported fresh trade \$144.6 billion, for a \$8 billion

> One of the few bright sides ports much more expensive.

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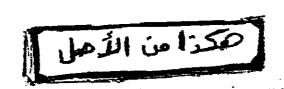
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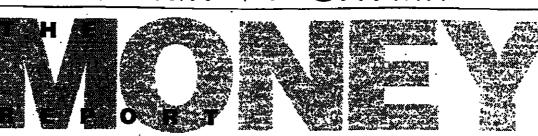
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## A Basket of Nest-Egg Strategies

## Analysts Offer Plans for Investing in Your Retirement in 5 Countries

ROUND THE globe, citizens who once assumed that their governments would pay for a Confortable old age are now facing up to the harsh reality: Just as people reach the age at which they will be most in need of income, state-run pension plans are warning them that they will not be able to pick up the bills. It is increasingly clear that for at least a portion of their retirement income. many individuals will have to fend for themselves.

The message first got out in the United States, where the retirement crisis has been hammered home to Americans by the personal-finance media and, not surprisingly, by the mutualfund companies, brokers and financial advisers who stand to benefit handsomely from it.

But the bad news is also starting to sink in elsewhere.

In Germany, an underfunded state retirement system and curbacks in company benefits, coupled with estimates that 28 percent of the population will be older than 65 by 2040, up from 16 percent now, make it painfully apparent that there will not be enough retirement

money to go around. Britain's demographics are not quite as negative. But the government is already encouraging citizens to supplement state retirement payments by starting their own tax-advant-

aged investment portfolios. In Latin America, once unstable economies are moving to widespread, private pensions, but much of the benefits will flow to those who are still

Governments are not going to drop out of the retirement picture entirely, however.

Moreover, many people also will benefit from company pension plans. But for many, especially those who are already in their 40s, the difference between a retirement that includes the luxury of travel and homes in warm climates and one in which the retirees merely get along, will depend on income generated by personal investments.

For those not fortunate enough to have a company pension, such investments could well be the primary source

With that in mind, this issue of The

Money Report will look at strategies in various countries for investors who want to build nest eggs for retirement. In order to provide specific advice,

we assumed that the investors were 40 years old, had adequate insurance, residences and about \$50,000 available to invest for pension purposes. We asked advisers in Argen-

tina, Britain, Germany, Hong Kong and the United States to tailor programs for this profile, taking into account local tax laws and investor preferences.

Most of the advisers who we contacted were reluctant to recommend individual securities, suggesting instead that investors with what they considered to be relatively modest \$50,000 portfolios stick to mutual funds.

For investors everywhere, we also have provided worksheets and tables to help you get a handle on your own finances and goals.

The beginning of a new year is as good a time as any to evaluate your position and to see whether you are heading in the right financial direc-

## Argentina: Overcoming Equity Jitters

### Suggested Portfolio is a Mostly Global, 50-50 Mix of Stocks and Bonds

By Judith Rehak

ICARDO GOWLAND, the manager of the Prudential Securities office in Buenos Aires, said he was seeing expanded nterest in saving for retirement among his clients. He just wishes they would

'But that's not our history,' he said, noting that even though Argentina had experienced negative inflation for the past three years, investors remember years of financial instability and a small stock market dominated by short-term players. Together, this adds up to a generally bad experience with

As a result, he said, "Argentine instors like to be in bonds, and you can't change their minds in two to three

So, realistically, Mr. Gowland's suggested \$30,000 portfolio of Luxem-bourg-domiciled, offshore funds is 50 percent devoted to bonds and 50 percent

He said that for an Argentinian, that was "already a very good diversific-

"You can't say suddenly, 'Now put 80 percent in stocks,' "he added. Because Argentina's stock and bond markets are relatively small, Mr. Gowland's fund choices (run mostly by

Prudential is an American company), The largest portion of his portfolio -

American money managers, since

offshore global bond vehicle, the conservatively managed PRICOA Global Bond Fund

The fund has returned about 6 percent annually over the last three years. To boost those returns, Mr. Gowland

allotted 10 percent each to the higheryielding Scudder Emerging Markets Income Fund, returning roughly 20 percent a year over the same period, and the PRICOA U.S. High Yield Fund. On the equity side, Mr. Gow-

land chose two global funds that concentrate on large companies, giving his biggest allocation — 15 percent — to Templeton Global Growth. "Templeton owns good-

quality stocks, it's diversified in a lot of countries and it has a good track record," he said. As a different approach to the same

sector, he also took a 5 percent stake in Scudder Strategic Global Themes, which picks companies that stand to benefit from economic trends, such as corporate restructuring.

From there, Mr. Gowland narrowed his picks to regional vehicles, giving 5 percent to PRICOA's European Growth Fund, which focuses on medium-size and large companies in Europe's developed economies, and 10 percent to the PRICOA U.S. Emerging Growth Fund, which buys small- and mediumsized American companies.

Finally, he split a 10 percent stake between rival emerging-markets funds

managed by Scudder and Templeton.

Although he sometimes suggests

Asia funds, he is avoiding that part of the world right now because of the re-30 percent — is devoted to Prudential's gion's economic crisis.

"My clients would be too scared," he

International investors have reaped some handsome returns from Argentinian stocks, such as YPF SA, the country's oil conglomerate, and Telefonica de Argentina. But Mr. Gowland said a \$50,000 portfolio was too small to buy individual stocks. Instead, he chose to access his country's market through a diversified vehicle, Scudder's Latin America Fund, for the remaining 5 percent of the portfolio.

If his investor is wedded to bonds, he recommended an alternative, the wellmanaged, local Consulting Fund, which buys both stocks and bonds in Latin America.

Mr. Gowland said he expected this portfolio to return an average 8 percent a year, adding that there was no capitalgains tax in Argentina. He noted that the country's social security system was privatized three years ago, but that most Argentinian companies, with the exception of multinationals, do not offer tirement plans.

'Old people here have a bad time, and young people understand that," he

In his view, the biggest hurdle is changing the investor psychology that took hold during Argentina's long years of economic and financial instability.

"We are really trying to educate our clients to long-term investing." he

SUGGESTED PORTFOLIO: PRICOA Global Bond Fund. 30 percent; Scudder Emerging Markets Income Fund. 10 percent; PRICOA U.S. High Yurkl Fund. 10 percent; PRICOA U.S. High Yurkl Fund. 10 percent; Seadder Strategic Global Themes Fund. 5 percent; Templeton Global Growth Fund. 15 percent; PRICOA Emergence Growth Fund. 5 percent. Seadder Surgering Markets Growth Fund. 5 percent; Templeton Global Growth Fund. 5 percent; Templeton Emerging Markets Fund. 5

### Cash and equivalents Checking accounts and money-market funds Savings accounts Cash value of life insurance **Stocks** Bonds Mutual Funds Equity interest In a business Company retirement plan Individual retirement plan Government pension plan Profit sharing Loans owed to you Real estate (estimated current market value Residence Vacation or second home Other properties Personal property (estimated current market value) Household furnishings Jewelry, furs Antiques, art, collections, etc. TOTAL ASSETS Credit card balances Charge account balances Auto loans Mortgage on primary residence Mortgage on vacation property Personal loans Life insurance loans TOTAL LIABILITIES

I. Where You Are Now

II. Income	
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Other	
Total Income	<del></del>
Expenses	
Mortgage or rent	<del></del>
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Social charges	
Alimony, child support	
Installment and credit card payments	
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Charitable contributions	
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## How to Use the Tables

TELL, THAT was an interesting year. Investors in Europe and the Americas saw some startling returns on their stock investments in 1997, while bond portfolios also did well. Most investors holding Asian securities had diametrically opposed experiences. The obvious lesson is that it pays to diversify your portfolio. Perhaps less obvious, but equally

important, is that you have to plan your in-Financial planners can help, as can some of the computer programs on the market. But you can get a rough idea of where you stand and where you are going by filling out the forms on this page and using the tables on page 16. The forms are adapted for international investors from standard finan-

cial-planning aids, and the tables were calculated by Ibbotson Associates of Chicago. We have excluded taxes from many of the calculations because they vary widely from country to country and among individuals. In the return by recountry and among individuals, in the return tables, it is assumed that you reinvest all dividents, interest payments and capital gains, so if your gains are subject to taxes, allow for them in Table II.

As is evident from the 1997 performance of the financial markets, nobody can tell you what kind of returns your investments will provide in any

given year.
Yet based on long-term results in the United Yet based on long-term results in the United States, extremely conservative investors who hold mostly cash and highly rated short-term bonds can expect a 4 percent annual return over time, while an equal weighting of stocks and bonds might provide 8 percent, and investors concentrating on equities only might hope for 12

S O WITH with those ground rules in mind, it is time to start tackling the forms. I. Table I will show you your net worth, but its main goal is to identify how much money you have available to invest. You have to pick a single currency to do the calculations. If you have holdings in more than one country, you can use the foreign-exchange table on the first page of the daily Business/Pinance section to convert them

into your main currency.

Ideally, when you add up your assets and liabilities you will come out with a positive net worth. If not, remember to include the monthly debt sentine corts with your expenses. If you debt-service costs with your expenses. If you

have a positive net worth but also owe money, you

might want to consider liquidating some of your holdings to pay off your loans.

2. Now move to Table II. You might have to convert some of the items, such as salary and taxes, to a monthly from an annual basicalculate the monthly income-tax bite, try taking the taxes you paid in 1996 or 1997, divide by 12 and increase that result by whatever percentage rise you expect in your salary for 1998 plus one or two percentage points because the new money will be in the highest bracket to which you are subject. Additionally, if much of your investing is in taxable vehicles, you should add one or two more percentage points to account for increased. more percentage points to account for increased income as your assets grow, although some countries give breaks on a portion of such gains.

The difference between your income and expenses is the amount you have

FORMULAS available to invest. If you came up with a negative number you have a problem: you are spending more than you are making. Unless you have a high net worth or are expecting a big raise or a financial windfall, you will have to con-

sider ways to trim your expenses. 3. On a brighter note, you can begin
Table III by dreaming a little. Write down prices for all the things you would like to buy in the coming years. Use the current prices for these things in your primary currency, adjusted for inflation with the multipliers in Table IV.

4. Now that you know what everything you want costs, see if you can afford it. First, look at your current investments, and using the multipliers in Table V, estimate how much they will grow over time. Unless you have a lot of money saved or very little, you will probably want to assign part or all of a specific asset or account to each goal. For example, if you have money saved in a stock mutual fund and you want to buy a vacation home in 10 years, you can expect the value of your investment roughly to triple over

If you do not have enough assets to finance all of your goals, you might consider shifting to more aggressive investments, especially for the long term. Note that a 10-year investment that grows at 8 percent doubles, while a 12 percent return would make it triple.

5. Unless you are already well-to-do or have modest goals, you will probably find that your current means are insufficient. This is where savings come in. Using table VI, figure out how much you need to save each month.

The numbers in the table show how much you

need to put aside each month at various interest rates to have a thousand units of whatever your currency is at the end of each of the periods. As in the previous table, you can see that as returns increase and investment periods lengthen, it gets easier to save. If you need £10,000 and you

have only one year to accrue it, you will have to put aside about £816 a month in a 4 percent bank put assue about 2010 a notation at a percent only account. If you can wait five years and put your money into something more aggressive, such as a balanced mutual fund, that falls to £136.

6. When you have calculated what you need to

save for each of your goals, add the numbers up and compare this sum with what you have available to save each

If you are saving as much — or more — than you need, congratulations. If not, you have three choices, which you can juggle by revising the numbers in Tables II and III: Scale back your expectations.

Figure on a smaller retirement home or put off

buying a car for a few years.

• Increase your income. Take another job or a higher paying one or work extra hours. You can also try to shift to more aggressive investments, but that is mainly a long-term strategy. If you had taken your money out of a 4 percent bank account a year ago and put it in Thai stocks hoping for double-digit returns, you would have lost on the order of half of your investment.

Trim your expenses. Go out less often or skip a vacation. Especially if you are in your 20s or 30s, saving just a little each month can make a big difference later on.

To illustrate this last point, we provide you

with Table VII: How to save a million dollars to retire at 65. It is difficult to say how much you need for a really comfortable retirement, but it seems likely that \$1 million would be enough for most people, especially if they have some pension income. At an 8 percent annual return, a person who starts saving at 25 needs to put away less than \$300 a month. Wait until 40 to start saving, and that rises to more than \$1,000.

# Britain: Plan Is New, Saving's the Same

### \*Government May Change Rules, but Investment Possibilities Remain

By Conrad de Aenile

AVING MONEY in Britain just got more complicated, thanks to a government initiative intended to simplify it. A number of tax-advantaged savings and investment programs introduced over the last decade will be abolished in 1999 and replaced by the individual savings ac-

It sounds sensible enough, except that the government has set a ceiling of £50,000 (\$82,500) for such contributions. That new measure could hurt hundreds of thousands of middle-class Britons who have squirreled away substantially more in personal-equity plans, known as PEPs, in which capital gains and dividends are not taxed, and tax-exempt special savings accounts, known as Tessas, which accrue interest tax-free.

The plan has endured harsh criticism in the press. But it is unclear whether capital-gains tax will suddenly come due on personal-equity-plan balances exceeding £50,000 and at what cost basis the shares in those plans will carry at the 1999 transfer date.

Also unclear is whether the vilified ceiling will stand. The new Labour govemment lost considerable popular and moral authority upon the disclosure that the treasury minister who concocted the new individual savings accounts is a beneficiary of a multimillion-pound offshore trust. No ceiling for him.

Since PEPs and Tessas were introduced, retirement planning in Britain has foremost concerned tax planning. This will remain true in the run-up to the introduction of the new savings ac-

counts, despite the confusion. Tax is especially important for The Money Report's hypothetical 40-yearold savers, because nearly half their annual salary — about £60,000 in Britain
— is taxed at 40 percent. Any invest-

Duncan Fry, a director at the London stockbrokerage Quilter & Co., encouraged such investors to place as much money as possible in PEPs and Tessas before the deadline, then roll it over into an individual savings account when the time comes.

But that should only be done; he said, Fry added. after the investor makes the maximum allowable contribution to a pension plan, which is about 15 percent of salary. Because such contributions are made with before-tax pounds, a taxpayer in the marginal 40 percent bracket could put £10,000 to work in a pension account while cutting take-home pay by only £6,000.

An added benefit is that upon retirement, the 25 percent of a pension that can be taken as a tax-free lump sum (the rest must be rolled over into an annuity) can be used to clear any mortgage bal-

R. FRY'S recommendations are based on the assurement are based on the assumption that the investor is a married homeowner, who has two children and whose spouse is not employed outside of the home. His goal is to retire at the age of 60.

Having a spouse who does not have outside income would make a £50,000 individual-savings-account ceiling nonproblematic for this investor. Mr. Fry noted that husbands and wives are taxed separately under British law. Income and gains on any assets transferred into the wife's name would be taxed at much lower rates — zero, in fact, on at least the first £4,000. Also, each spouse can benefit from the £6,500 capital-gain ex-

Mr. Fry stressed that through these many tax-friendly savings devices, the investor's goals can be reached without

ment income is taxed at that rate, too, as are capital gains above £6,500 a year. the outsized returns in the markets experienced in the last three years. "With good advice and careful man-

agement of their money, with 20 years to retirement there is no reason why this man cannot achieve his long-term financial objectives," he said. "Remember, 7 percent growth for 10

ears all but doubles your money," Mr. The best way to achieve it depends on specific needs. For instance, he said, if money will

be required at a certain date, say to pay children's education costs, zero-dividend preference shares are attractive. These are mutual-fund shares with an anticipated value at a target date when the fund is to be wound up. Like zero-coupon bonds, the shares

trade at a discount to that value and pay no income. By holding zeroes, the investor can count on receiving a lump sum when needed, unless the value of the fund's holdings plunges. Such idiosyncratic needs aside, Mr.

Fry recommended that the investor place the £30,000 lump sum, minus any cash committed to a Tessa, plus monthly savings into an assortment of funds diversified by investment objective. He noted that many fund companies have personal-portfolio-management services that provide such diversification. He cited Quilter's Maximum Growth Portfolio as an example.

As the investor's wealth grows, Mr. Fry added, he will become eligible for even more individualized forms of management by brokers and fund companies. Thus, he can have his asset allocation further tailored to his needs and

QUILTER & CO.'s Measures Growth Portfolio (all funds are open-ended unit rusts, except those marked ", which are closed-end saventment greats that made on the London Stock Exchange): Schooler U.K. Enterprise, 26 percent, Mercury Recovery, 20 percent, Schooler U.S. Smaller Companies, 11 percent; Scottish Widows Enterprise, 10 percent, Fridelity South East Asia, 10 percent; Hill-Sagnet U.K. Emerging Companies, 8 percent. Save & Proteer Ispan Growth, 6 percent, Riemwort Benson Emerging Markets". 5 percent and GT Japan", 4 percent.

Goals · · · · · · · · · · · · · · · · · · ·	Short term (1 year)	Medium term (5 yrs.)	Long term (10 yrs.)	Longest term (30 yrs.)
Education expenses		0.000 <b>0000000</b>		(1928 <b>)</b> 942(0)11
Debt reduction				34 M/4 - 3 -
Buy a house				
Make home improvements		200 - 100 -		
Buy a car				
Any other large purchases		77 TO Sept 2005		1. may 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1.
(e.g. boat, plane, art)				
Take a dream vacation	<del></del> :		<del> </del>	
Buy a vacation home				201 20 20 20 20 20 20 20 20 20 20 20 20 20
Retirement/Financial independence			_	
Have children		7 mar 3 m 3 m 4 m 4 m 4 m 4 m 4 m 4 m 4 m 4 m	·	Control of the contro
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Start a business	<u></u>	220		
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Totals ·				
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# Getting Whipped in the Best of Times: Few Funds Can Beat the Indexes

PRINTING TO THE wire, U.S. stock funds beat the S&P over this Jones industrial average, four points off them as they fall. That rarely works, and use that knowledge to buy indising the stocks have just completed their record-setting three-wear period. The best three-year stretch in modern history. The Standard & studied. Poor's 500-Stock Index, the standard measure of the broad market, has returned an annual average of 31.2 per-cent since Jan. 1, 1995, according to find such winners for the future. But, Lipper Analytical Services. That ec- first, let's look at the miserable record lipses the record set from 1926 to 1928 of mutual-fund managers against the

– an ominous set of dates. In other words, if you had invested years ago, you would have \$226 today.

That is the good news. The bad news is that if you had invested \$100 in the average diversified U.S.-stock mutual fund during that same period, you would have \$194 today — or 14 percent

Even worse, the chances that you could pick a mutual fund that would perform as well as the stock index were roughly the same as a 15-to-1 shot win-

ning the third race at Longchamps.

answer: just 6 percent of the 1,573 funds

I also asked for the names of the best of those funds — and I'll get to them

The S&P 500 has beaten the majority \$100 in the stocks of the index three of funds in 10 of the past 14 years, including the last four in a row. It's true including the fruits of your reinvested that this index, which roughly comrises the stocks of America's 500 largest companies, outstripped the Dow by a surprising nine percentage points in 1997. But the Dow beat the S&P by six points in 1996, and the indexes finished in a dead heat in 1995. (All of Bloomberg Business News, assume year. But, alone, that can't explain the to make their own choices, but I still that dividends are reinvested in the seven-point gap between the typical prefer mutual funds managed by realstocks of the index.)

Since 1995, the average fund has

stocks have just completed their record-setting three-year period. The less than the S&P 1500 Supercomposite as academic studies have shown. (which reflects nearly the entire market) and five points less than the NASDAQ Composite, which emphasizes hightech stocks.

Over time, a few points can make a out. How can they keep track? huge difference. In 10 years, an original

Also, some funds have become so huge that their managers believe they have to own hundreds of stocks, so they won't disturb the prices getting in or

investment of \$1,000 that returns 31.2 be clobbered by the indexes is to invest percent annually will become \$15,113. in the indexes themselves. You can buy But, at 24.5 percent, \$10,000 becomes one of the many funds that mimic the

### JAMES GLASSMAN ON INVESTING

just \$8,947, or two-fifths less.

whipped by the market averages? One charges expenses of only 0.2 percent cent of the Weitz fund's assets. At last reason is that a fund's return is diminished by the expenses and fees it 30.9 percent over the past three years. charges to shareholders - usually bethese figures, which I derived from tween one and two percentage points a who do not have the time or inclination seven-point gap between the typical fund and the S&P.

A simpler answer is that fund manreturned 24.5 percent annually. That is agers often make bad investments. They funds that can beat the averages. Also,

S&P, the most notable being the Vanand has returned an annual average of

Index funds make sense for investors live people.

I believe that smart investors can find I asked the researchers at Lipper to seven percentage points less than the play the momentum game, trying to investors can learn by following the where money managers tend to talk to find out how many diversified U.S. S&P 500, six points less than the Dow jump on hot stocks as they rise and jump moves of their own fund managers — themselves. Four are in Maryland, one

One way to find good funds is to look at those with good records for the past cording to a disciplined investing philothree years or more. A list of such U.S.based funds appears below.

Some themes emerge. These winning One easy way to avoid funds that will funds have low turnover; managers hold on to their stocks much longer than the average. White Oak, for instance, bought and sold just 8 percent of the shares in its portfolio last year, compared with nearly 100 percent for the typical fund.

Also, many of the winners have highly concentrated portfolios. The top nine Why are so many funds regularly guard Index 500 Portfolio, which holdings account for more than 50 perreport, Torray had 19 percent of its assets in just three stocks: Electronic Data Systerns Inc., AT&T Corp. and SLM Holding Corp., parent of the Student Loan Marketing Association. Rydex OTC has more than a third of its money in Mi-

crosoft Corp. and Intel Corp.

The majority of the funds are headquartered far from Wall Street,

Finally, and perhaps most importantly, the winning funds are run ac-

Managers Fire Japan

sophy. Legg Mason and Dreman stick to bargain stocks; Rydex Nova selects from a small universe of stocks on the NASDAQ 100 index; Torray is a master of large-cap value.

Washington Post Service

Lipper Analytical's list of top-perform ing U.S. general equity funds since 1995, with average unnual returns and hone numbers:

• LPGG MASON VALUE TRUST, 40.0 percent. Call 1 410 539 0000, or, toll-free in the United States, 1 800 822 5544. RYDEX NOVA, 39.7 percent, Call 1 391 4c6 8520, or, ball-free in the United States, 1 800 820 0888.

 TORRAY, 38 6 percent. Call 1 301 493 June •WESTZ HICKORY, 377 percent Call 1 402 391 toll-free in the United States, 1 900 232 4161. MAS MIDCAP VALUE , 37.2 percent, Call, 10 or, toll-first in the United States, 1 800 354 8185 •RYDEX OTC, 36.5 percent. Call 1 30; 468 8520, or, full-free to the United States, 1 800 820 0888.

BARON GROWTH & INCOME, 36.3 percent, Call 1 212 583 2000, or, toll-free in the United States, 1 800 992 2766. •WHITE OAK GROWTH, 36.0 percent. Call 1 330 668

eREMPER-DREMAN HIGH-RETURN, 35.6 purcest. Call 312 781 1121, or toil-free in the United States, 1 800 621 1048.

Multiply the	price or your in	ended purchase	by the appropriate	e number
		Inflatio	on Rates	
Years	2%	4%		10%
1	1.020	1.040	1.080	1.100
5	1.104	1.217	1.469	1.611
10	1,219	1.480	2.159	2.594
30	1.611	3.243	10.063	17.449

V. Grow	rth .			
	ut current saving: Dw over time	s by the approprie	te number to see	how much
Investment	t	Years		
Rate	1	5	10	30
4%	3.3940	1.217	1,480	3.243
8%	1,000	1.469	2.150	10.063
12%	1.120	1.762	3,106	29.960

Savings per l	month needed t	to have 1,000 uni	ts of your currency	,
Investment	•		to save	
Rate	1	5	10	30
4%	81.5	15.06	6.79	1.45
8%	79.04	13.62	5.52	0.71
12%	78.23	12.33 ·	4.46	0.32

## Germany: For the East, a Stock-Minded Portfolio

By Barbara Wall

Western Germany generfor long-term-investment planning, the opposite rule applies in advantage of Fidelity's expertise in inthe East, where equities tend to out-ternational stock selection." shine fixed-income vehicles, according he said. "I particularly wanted to local investment advisers.

of FMK Fond Centre in the Eastern city of Chemnitz, has been advising East German clients on investment matters union is likely to bring to local since 1991. He suggested that because East German investors had been denied access to international equity markets until relatively recently, they were keen to make up for lost ground.

Asked to design a portfolio of in-

HILE INVESTORS in Fidelity Portfolio Selector DM Growth ally prefer bonds to stocks series European Growth fund. "Both funds were chosen to take far."

the client to have exposure to Heinz Klotzner, managing director European growth stocks because of the many benefits that European economic monetary

> theme, he suggested that \$15,000 be developed markets. invested in the Davis Value Fund, which focuses on U.S. stocks.

"It is always good investment pracvestments for a typical 40-year-old tice to have some exposure to the U.S. East German client with \$50,000 to stock market," he said. "The prospects Klaus Hagerdorn, is the main reason invest for retirement, Mr. Klotzner re- for American growth stocks are suf- why I chose this particular international

vested \$700 million into the fund so

Finally, Mr. Klotzner recommended Worldwide, which is run by Metzler Bank in Frankfurt.

"Metzler Bank is over 300 years old and has a terrific reputation in Germany for portfolio management, but the style and track record of the fund manager,

commended four internationally oriented mutual funds. He suggested that a sizable chunk of the portfolio in this has a unique strategy for defining and the first \$15,000 be invested in the area. The Davis Value Fund is one of the selecting growth stocks. While I do not Fidelity Portfolio Selector DM Growth best U.S. equity growth funds around. know all the details of his strategy, it fund and \$10,000 in the Fidelity DM We like it so much that we have in- certainly seems to be getting results."

Since the fund was started five years ago, it has achieved an average annual return of 16.5 percent. Mr. Klotzner said that \$10,000 be invested in the that this was an excellent result given Metzler MI Privat Fond that the fund exhibited little volatility.

"One aim of an investment adviser, though not the most important one, is to The fund is 50 percent inves-ted in the United States, 15 posure to tax," he said. "Germanpercent in Germany, 5 percent domiciled funds that are held for more in Britain, 5 percent in France than six months are only taxed on div-Continuing with the international and the remaining 10 percent in other idends and accrued interest above a certain threshold, currently 6,100 DM [\$3,425]. As there are no dividends from the client's investment portfolio. there will be no tax hit."

SUGGESTED PORTFOLIO: Fidelity Portfolio Selector DM Growth, 30 percent; Davia Value Fund, 30 percent; Fidelity DM tecnes European Growth fund, 20 percent; Metzler MI-Prival Fond Worldwide, 20 percent.

Age	Monthly contributions at these rates:				
	12% annual return	8% annual return	4% annual retur		
20	<b>344</b>	\$190	3662		
25	<b>*#</b> */	\$286	\$846		
30	<b>419</b> 6	\$436	\$1,094		
35	\$286	\$671	\$1441		
40	\$502°	\$1,052	\$1,945		
45	<b>S</b> IANT.	\$1,698	\$2.726		
50	\$2002	\$2,890	\$4,064		
55	\$4,347	\$5,466	\$6,791		
60	342.244	\$13,610	\$15,083		

# Hong Kong: Thick With Ex-Colony's Equities, a Blend Made for Risk-Takers

By Ann Brocklehurst

ONG KONG investors pride themselves on taking risks, and their typical portfolios are more heavily weighted in equities than are those of investors outside of Asia.

"In this part of the world, because of the very high inflation, people have to have a much higher weighting in equit-ies in order to outperform," said John Cheung, managing director for private plans at HSBC Asset Management. "In some instances, the equity weighting can be higher than 80 percent.

With annual inflation of about 6.5 percent, Mr. Cheung would counsel the hypothetical 40-year-old planning for

\$50,000 in stocks, 22 percent in bonds and 10 percent in cash. Of the money invested in equities, he

would allocate almost half to Hong Kong and Southeast Asia. He recommends putting \$12,500 into

Hong Kong stocks to minimize currency risks and \$4,000 into Asian markets such as Australia, Singapore and Taiwan. He would avoid Indonesia, the Philippines and Thailand.

Despite the recent collapse of the Hong Kong market, Mr. Cheung re-mains bullish about the territory because he sees it benefiting strongly from Chinese economic growth of about 9 percent a year.

"We're expecting interest rates in

retirement to stick what he considers a relatively conservative 68 percent of the nomic growth to pick up again," he Hong Kong stock market that the local living standard."

Specially in Hong Kong stock market that the local living standard."

Sum is quite small if he wants to invest in said. "And Hong Kong will continue to be the best place to attract foreign funds investing in China."

Mr. Cheung recommends investing the balance of the money allocated to equities to a diversified group more mature markets with \$5,000 in the United States, \$4,500 in Japan and \$8,000 in

He suggests using mutual funds as the investment vehicle and would buy country funds, which try to beat the relevant indexes and purchase mainly blue-chip stocks.

As for his \$11,000 bond portfolio, the bulk would be in Hong Kong and U.S. dollar instruments. Although there was

currency's link to the U.S. dollar might not be retained, Mr. Cheung is optimistic that it will be.

Finally, Mr. Cheung would advise the investor to keep the \$5,000 in cash in Hong Kong dollars.

Mr. Cheung said he thought

property, renowned in Hong Kong for its boom-and-bust cycles, is an interesting investment prospect following the recent correction, which has seen a fall in residential prices of up to 20 percent since October:

"Historically, property goes up in line with inflation," he said. "Secondly, there's still a short supply, thirdly, because of economic

He noted that real-estate values had almost doubled since 1995 and rose 20 percent in the first six months of 1997 during the pre-handover euphoria.

Reasonably new apartments in the Mid-Levels and Kowloon areas are now valued at approximately \$1,000 per square foot (930 square centimeters), while in the New Territories they sell for \$750 per square foot. Investors who bought apartments a

few years ago will obviously have benefited from the sharp increase in value, but with only \$50,000 to spend now. there are unlikely to be other suitable investments in the current market.

"In some countries, \$50,000 may be quite a lot," he said, "but in this part of

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According to Mr. Cheung, our average investor has little choice but to opt for stocks, sit tight and live up to the reputation as a risk taker.

'He's only 40 years old and be'll probably have to work for another 20 years," he said. "He can afford to ride out all the ups and downs."

He added, "Maybe for the first half of '98, the situation's still a little bit bleak, but I think longer term Asia is still the high growth area coming into the next

SUGGESTED ALLOCATIONS: Hong Kong stocks, 25 per-cent: Baropean stocks, 16 percent: U.S. stocks, 10 percent Japanese stocks, 9 percent; other Pacific markets (excluding ladoques), the Philippines and Thailand; 8 percent; U.S. and Hong Kong dollar-denominated tonds, 22 percent; Hong Kong

## United States: Long-Term Retirement Vehicles in the 'Middle of the Road'

By Judith Rehak

UTUAL FUNDS are one of the most popular ways for Americans to save for re-1996, an astonishing \$1.24 trillion, or 35 percent of total fund assets of \$3.5 trillion, were in some form of retirement vehicle, according to the Investment Company Institute. That was a leap of 25 percent from 1995, with roughly a third from new cash flow.

To build a retirement nest egg using funds, Sheldon Jacobs, a financial adviser based in Irvington-on-Hudson. New York, who edits a newsletter, The No-Load Fund Advisor, suggested a fund, it is a low-cost (its annual expense portfolio of seven vehicles that are is a rock-bottom 0.22 percentage point),

said would return an average 15 percent annually over time. First, Mr. Jacobs's \$50,000 portfolio

is all stocks. How does he justify his

approach? "Equities have the greatest long-term potential," he said. "The great bull market in bonds is behind us. Gold and other commodities aren't doing so well, and don't do well except in times of

higher inflation. I don't see much of that ahead in the next decade." The anchor of his portfolio is a hefty 40 percent stake in the Vanguard Total Stock Market Index, which replicates the Wilshire 5,000 index of large, medium and small companies. As an index tax-efficient core because of low turnover, to be surrounded with smaller stakes in other funds. Mr. Jacobs next allocated 10 percent

apiece to two funds run by managers with stellar track records as stock-pickers, Ron Baron of the Baron Growth & Income Fund and Andrew Pilara of the Robertson Stephens Partners

'Ron Baron is a premiere stock picker, and Pilara is a conservative guy who doesn't buy hightech or high-expectation stocks, "

Mr. Jacobs also took a 15 percent stake in the T. Rowe Price Equity Income Fund, which he called "conservative and well-managed." He noted that another advantage of stock funds that also produce income is that they do not track the market so closely. Mr. Jacobs shuns sector funds, which

concentrate on specific industries or themes, such as technology or small companies. "They're too volatile, and their performance is too incon-sistent," he said. "I'd rather be

ager do the picking." in the United States, he also thinks retirement-savers should look overseas.

sector-neutral and let the man-Like many financial advisers

"Any time you restrict your universe, you restrict your potential," he added. Accordingly, he allocated 25 percent of his portfolio to three funds with

percent in the L. Roy Papp America Abroad Fund, whose manager, a former U.S. representative to the Asian Development Bank, buys only American multinational companies. Its holdings are not "run-of-the-mill stocks," Mr. Jacobs said, citing holdings such as Viking Office Products Inc. and Service Corp., a funeral-home operator.

Another 10 percent went to the T. Rowe Price European Fund, which seeks out undervalued companies in Western Europe.

For the volatile emerging markets, the Montgomery Emerging Markets Fund was Mr. Jacobs's choice, garnering 5 percent, his smallest allocation. He likes the way the fund spreads risk among 30 to 40 markets, allowing the widely varying approaches. He put 10 manager to move at will in an arena that

is rife with danger as well as oppor-

"Emerging markets are beaten down now," he acknowledged, "but if you're a 40-year-old, you have to be there for the long term.

By Mr. Jacobs's calculations, if you start this portfolio today, \$50,000, at 15 percent annual average appreciation, will grow to \$406,855 in 15 years even if you never add another dime. But if you plan to add more cash each

year, how much would he advise?
"Put in all you can," Mr. Jacobs said "Just dump it in. Save for your old

# With a Fixed-Income Niche, a Pair of Davids Challenge Fund-Industry Goliaths

By Robert Hurtado

T A TIME WHEN big Wall Street houses are acquiring smaller rivals to build the critical mass that they believe is needed to compete, two highly regarded managers are following the David model,

not the Goliath one. In August 1996, two months after Merrill Lynch acquired Hotchkis & Wiley, Tad Rivelle and Laird Landmann, co-directors of fixed income at Hotchkis, left to form Metropolitan West Asset Management in Los Angeles. Their philosophy is that niche providers of

serve clients than megamanagers can. Their clients seem to agree.

They are now managing \$1.8 billion for institutional clients including the Mayo Foundation; Keyspan Energy Corp., the holding com-pany for Brooklyn Union Gas, and Rhone-Poulenc Rorer, the U.S. affilliate of the French chemicals company. This flies in the face of a recent prediction by Goldman, Sachs & Co. that 20 or so companies, each with more than \$150 billion of assets, would dominate the moneymanagement industry by the end of the century.

Moreover, at the end of March, Metropolitan West established two no-load, fixed-income mu-

investment management services can better tual funds: the Low Duration fund, which invests in short-term securities, and the Total Return fund, which holds longer-term securities. They have attracted nearly \$100 million in assets, even though they are too new to be rated by Morningstar Inc., the fund-tracking firm. But no wonder. The two men managed stellar funds at Hotchkis, and their new funds are now outperforming both the Hotchkis funds and the indexes. Both funds invest in a variety of debt securities, including Treasury bonds, investment-grade corporates, money-market instruments and asset-backed securities.

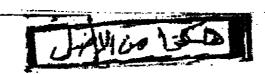
As of Tuesday, the Total Return fund, net of fees, was yielding 11.7 percent, compared with for a big misstep.

10.1 percent for the similar Hotchkis fund and 10.0 percent for the Lehman Brothers Aggregate Bond Index, while the Low Duration fund was yielding 6.8 percent, compared with 6.3 percent for the similar Hotchkis fund and 5.8 percent for the Merrill Lynch 1- to 3-Year Treasury index.

Alice Lowenstein, fixed-income editor at the newsletter Morningstar Mutual Funds, said she would recommend the funds because the managers concentrated on strategies that add value to a bond fund, like buying undervalued securities or focusing on the less-expensive areas of the fixed-income market. They also minimize bets on interest rates, which can avoid the potential Mr. Landmann said another strategy the com-pany uses is to buy all kinds of bonds, including corporate issues and mortgage-backed securities In 1994, when the bond market had one of its worst years ever, no fixed-income mutual fund

manager did better than Mr. Rivelle, His Low Duration fund at Hotchkis was the No. 1 U.S. performer, rising 5.18 percent when competing funds were down an average of 3.3 percent. This record was one of the factors that made Hotchkis attractive to Merrill. Although the two new Metropolitan funds, of course, are not

clones of the Hotchkis portfolios, they have similar investment styles. New York Times Service



THE MONEY REPORT

## at the Indere BRIEFCASE =

### **Fund Managers** Didn't Flee Japan

Where have American murual-fund managers who shop the world for their stock picks been placing their biggest bets? In its year-end review. Lipper Analytical Services, the fund-data providers, came up with some unexpected

One of the most surprising revelations, said A. Michael Lipper, president of the company, was that financially emsecond-largest after the erage global portfolio.

many global portfolio man- markets in Europe now, agers in the United States said were accustomed to running senarate accounts for big beleaguered Japan investors, often follow the benchmark East) index, in which Japan has a 27 percent weighting. The same thinking car-

funds," he said. seemed reasonable, Mr. Lip- kets. per puzzled over the 6 percent erake in France.

ries over to the mutual

"There has never been much reason to be there," he

Even more questionable, in succumbed, slumping to only is view. was the fact that 11.01 percent. (IHT) his view, was the fact that 11.01 percent.

Germany got the same

Source: Lipper Analytical

Funds Go

Profile alloca

weighting. pany, was that financially embanied Japan accounted for a for the Netherlands, which re-15 percent allocation, the ceived 5 percent in the av-

Switzerland 59

Germany 6%

France 6%

Indonesia 4%

Australia 4%

Mexico 4%

'It's always deceptive, Why? He suggested that and it's one of the cheapest He held out some hope for

American pension funds, who predicting that the seemingly endless decline in its stock EAFE (Europe America Far market could herald a "surprising" rally in 1998. In any case, Lipper Ana-

lytical's performance figures for American-run global funds show that there were While Britain, with a few hiding places from the healthy 11 percent allocation, recent turmoil in world mar-

Things still looked good at the end of September, when they were up an average 19.98 percent for the year. But by Dec. 24th, they had

### **WEBS** Run Circles Around Funds

Global investors who prefer to focus on a single country might want to con-sider World Equity Benchmark Shares, index-linked funds that seek to match the price performance of Morgan Stanley Capital Indexes for

17 countries.

According to a report from Salomon Smith Barney, WEBS, which were introduced in March 1996, are proving to be an efficient, low-cost way of investing in a portfolio of equities of a single country, especially when contrasted with closedend, single-country funds, which try to beat the performance of their benchmark by

active stock selection. U.S. securities regulations bar WEBS from precisely replicating an index. Nevertheless, the analysis of the re-Asia," Ms. Fishbein said port's authors, Michael Porter

### and Ruth Fishbein, shows that Some Plays for '98

benchmark indexes. More important, their research revealed that WEBS share prices reflect 90 percent of the market value of the stocks they own.

prices of single-country closed-end funds, which often trade at discounts and sometimes premiums to the market. market value of their holdings and are burdened with high

Of 13 WEBS that have corresponding country funds, the discount or premium to netasset value was 0.75 percent at the end of November, while the average for the related country fund was 18 percent. With WEBS, "you get what you pay for," the analysts

WEBS for the 17 countries, from Switzerland and Belgium to Mexico and Hong Kong, are traded on the American Stock Exchange.

The analysts went bottomfishing in Asia for two of their top picks in 1998, Malaysia (EWM) and Singapore (EWS), currently trading from 45 to 70 percent below their 52-week highs.

In Europe, they like Austria (EWO) and Italy (EWI). Emerging-markets fans who remain undaunted, take note: "More WEBS are on the way in the coming year, especially for emerging

### they are quite close to their In Eastern Europe

About the only thing Czech stock pickers can agree on is that the local market has hit rock bottom. Scandals, corruption, delays in creating an That contrasts sharply with effective supervisory body and the weakening of the Czech economy have chased almost everyone out of the

> Albert Oesterreicher of the Oesterreicher & Co. brokere said the appointment of the central-bank governor, Josef Tosovsky, as the next prime minister is a signal that desperately needed bank privatization will go ahead.

> Therefore, he suggested that investors look to Czech bank stocks, including Ceska Sporitelna, Komercni Banka Ceskoslovenska Obchodni Banka. The main telephone company, SPT Telecom AS, should also

"Down?" asked Mr. Oesterreicher. "At the present time, everything is down, so we don't really see any downsliding in any specific

industry."
The chief equities analyst Vojtech Kraus, said that even though prices were de-

own generic version of an antibiotic that helps the body overcome rejection in transplant operations. But it can only be sold where the market leader, Sandoz AG, has no sales of its own patented ver-

Mr. Kraus said he also likes Telecom for earnings growth. as demand and fees from mobile phone interconnections rise. But he said the country's troubled banks would not do well next year.

At Wood & Co. in Prague, try's notoriously opaque investment funds could close their huge gaps if a new law on open-ending poor-performing funds takes effect. Banks, he said, would remain flat, but utilities like Telecom and the power company CEZ AS should move up. "In the case of blue chips, the corrections this year have been so huge, that it's very hard to imagine they could

fall further, but the valuations are quite low," he said.
In Hungary, Peter Karli at Wood & Co. said that because the market there was fully valned, there were no easy bargains. Instead, he likes blue chips with expanding marat ING Barings in Prague, kets: The telecommunications company Matav Rt. just introduced a new stock issue pressed, he did not expect the including American depositmarket to rise, "at least not ary receipts on the New York — began to increase as more significantly." The pharmaStock Exchange. Gedeon money was put in oil futures. ceuticals-maker Galena AS, Richter RL, a pharmaceuticwhich has substantial exports, als company that exports 70 could do well because of a percent of its production to folio? steadily falling koruna and its Poland and the former Soviet

There's very growth in the Soviet market and Richter has good access to the region," he said. (IHT)

### **Crude-Oil Futures** Refuel Portfolios

If your stock portfolio is sluggish and not running smoothly you may be low on fuel.

Daniel Nash, a derivatives specialist at Morgan Stanley, Dean Witter, Discover & Co., has found that putting a per-Martin Nejedly said the councentage of the assets of a U.S. equity portfolio into crude-oil futures lowers the portfolio's volatility and increases re-

> Since 1983, the Standard & Poor's 500 index of U.S. blue chips has risen by 13 percent per year. That return would have increased to 13.6 percent if 20 percent of a portfolio that mimics the index had been used to buy oil futures. Smaller percentages in oil would have boosted returns by smaller amounts.

The pattern for volatility was more complex: Increasing the percentage in oil cut volatility, but only until oil constituted 15 percent of the portfolio. Then volatility was about 10 percent lower than for a portfolio with no oil, but volatility — a measure of risk - began to increase as more Why would crude-oil fu-

tures enhance a stock port-'The argument is that might be a lousy bet. (IHT)

events that correspond to high commodity prices - inflation or conflict - often correspond to poor performance in financial assets, "Mr. Nash said. "The commodity that seems to reflect this most is crude oil, since it is the one commodity that underlies most of our economy."(IHT)

### Safe Malaysia Bet: **Gambling Stocks**

By Malaysian standards. 1998 is supposed to be a lucky year. Both eight and nine are considered fortuitous numbers, especially by the country's Chinese community.

But it does not take investing genius to see that things are, not working out the way the numerologists planned.

With the Malaysian economy forecast to grow at about 3 percent next year, some stock analysts are placing their bets on gambling stocks. The logic: No matter what happens to the overall economy, there will always be people eager to

hit the poker tables. Alan Dragovic, an analys with SBC Warburg Dillion Read, recommends three "recession proof Malaysian gaming companies: Berjaya Sports Toto Bhd., Resorts

World Bhd. and Tanjong PLC. But Mr. Dragovic said investors should be cautious. Magnum Corp., which caters to high-end gamblers, will be most susceptible to an economic downturn and thus

## An Asian Manager Who Looks Beyond Sentiment' to Value

### Despite Region's Crisis, Merrill Adviser Likes Share Prices and Buys Selectively in Malaysia and Thailand

By Kenneth N. Gilpin

ORTFOLIO managers who deal with emerging markets can be forgiven if they do not remember 1997 fondly. During the past 12 months, these outposts of capitalism, long noted for volatility, registered swings that bordered

. .

or Risk-Takers

fthe Road

Asia, where the economic and financial news has been unremittingly bad for the better part of six months. Unlike those who run funds that allow them

cent of their value last year.

in an ice-cold sector," said A. dire circumstances. Michael Lipper, president of Before July, the Emerging Lipper Analytical. But, he Tigers fund's cash position said, 1998 is a new year.

"And, hopefully, a relatively vestor's money was in those markets as a hedge against

Co., does not sound worried about her employment pros- is constantly crashing pects, even though the two Asian funds she manages — Merrill's Emerging Tigers and ket started to crash' was particularly painful, she said. their size lopped by 50 percent or more in the last 12

Emerging Tigers, which Shanghai sponsored by the had about \$220 million in assets at the start of the year. tolling the benefits of investnow has \$70 million. Dragon, a \$1.4 billion fund as 1997 equity prices accounted for speaker we would all rush to much of the decline; redemptions by frightened or taxdriven investors were the reasons for the rest.

The Dragon fund looks for capital gains in stocks and bonds issued in the Asia-Pacific region, while Emerging Tigers mainly buys equities in the region.

A native of Malaysia who recently became an American citizen, Ms. Tan-Bhala, 38. has seen her share of crises since 1986, when she started working in equity research in the Singapore office of HSBC

crackdown in Beijing in 1989 led to a rout in Asian markets. So, too, did Saddam Hussein's invasion of Kuwait a year later. The Hong Kong market has collapsed a number of times since then. But what happened last year was different.

This is the first time it happened in the whole region," she said, "and this crisis has lasted much longer than the others, which were just brief spells."

start of last year, she said, the only market that really worried her was Thailand.

'We knew from the beginning of the year Thailand was going to devalue the sell Thai shares.

prised by the spillover," she test than the mutual funds of the year the other Asian terms of fundamentals."

fluctuate

According to Lipper Analytical Services, 82 U.S.-based worsened, she started moving as conditions Pacific mutual funds that in- money out of the markets and vest in any Asian countries into cash. She, like most other except Japan lost about 36 per-cent of their value last year.

portfolio managers, prefers to be fully invested, so that tac-"This is the price of being tic is adopted only in the most

was about 15 percent, she "In theory, Korea and the said, while the Dragon fund's other Asian countries have as was about 6 percent. Those good a chance as anybody of being among the better performers in 1998," he said. In addition, she sought

small percentage of an in- refuge of sorts, adding to her positions in China, India and Singapore for the Emerging domestic investments. But it Tigers fund. In the Dragon is a lot different for the man-fund, she put the majority of ager whose life is tied up in the funds assets to work in this stuff. They can't hedge their current job."

Kara Tan-Bhala, a first vice fall. Ms. Tan-Bhala said,

"When the market is bad, it is president and senior portfolio
manager at Merrill Lynch & hard to be in a sunny mood. because one side of your life A trip to China in October,

when "the Hong Kong mar-Along with 100 other portfolio managers, Ms. Tan-Bhala attended a program in Shanghai sponsored by the

ing in the country.
All of the officials who began, now has about \$700 spoke totally ignored the million. In both funds, sliding crisis," she said. "After each



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managing the two Merrill how the markets were doing. It funds since 1993, and at the was very surreal, because every time we came out after a speech, the market would be down another 5 percent."

ONSIDERABLE social and economic she said, leading her to ✓ consequences remain in the region, she said, even in "But we were totally sur-Japan, whose policies may be crucial in determining wheth-Few were put to a tougher added, "because at the start er the crisis will ease.

"I think the next stage will whose exclusive province is countries looked O.K. in be severe cuts in corporate many of these companies. earnings and economic growth," she said. "I would THEN ASIAN curnot be surprised to see negrencies began to arive growth in countries like wildly Thailand and Indonesia in look beyond sentiment and part of a diversified portfolio, to invest around the world, during the summer, Ms. Tan1998. Then they will get to look at value for money. in part of a diversitient portiono, to invest around the world, during the summer, Ms. Tanthese managers had no place to Bhala used currency hedges to retrenchments and bankThere is more downside in the move in lock step with other

people into the streets." Nevertheless, Ms. Tan-Bhala said she had been doing where they are right now." some selective stock buying in Thailand and Malaysia.

She said she liked the energy sector in Thailand, an industry that draws its income in dollars, as well as utilities ''resilient'' consumer stocks like those of mobilephone companies.

the current share prices of

are trading below book such investments. value," she said. "As an in-

Ms. Tan-Bhala has been the Bloomberg terminals to see ruptcies, which will push near term, I think, but in three equity classes," said David H. probably see markets double

> The reverberation Asia's problems into other markets around the world has made the past year exceedingly difficult for investors in

■ Advisers: Don't Flee

emerging-market funds. Nevertheless, financial ad-But what she likes most are visers say that no matter how gut-wrenching the recent past has been, it would be a big A lot of things out there mistake to turn away from

"It is appropriate to own vestor right now, you have to emerging-market stocks as

years to five years, you will Bugen, a partner at Bugen Stuart Korn & Cordaro, a financial advisory firm in Chatham, New Jersey

"But to be an investor in these markets, you need to have a strong stomach and a time horizon of at least 7 to 10 years," he added.

Lon Stanasolovich, president of Legend Financial Advisors in Pittsburgh, said investors "should expect big swings, up 70 percent one year and down 40 percent the next.

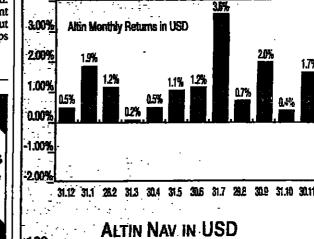
That is the norm for emergng markets.'' he added "People should expect a decent return over the long term, but they should expect a lot of ups and downs along the way. New York Times Service

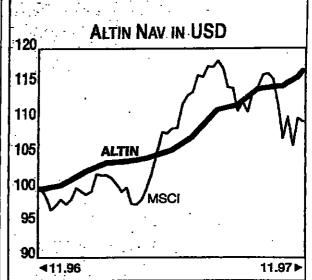
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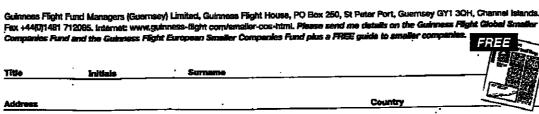
opportunities. We believe that the current period of equity market volatility is creating many attractive investment opportunities, particularly in the smaller company sector where real value can now be found.

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## Herald Eribune SPORTS

### WORLD ROUNDUP

### Sabres Find Buyer

ICE HOCKEY John Rigas has reached agreement with Northrup Knox, chairman of the Buffalo Sabres, to buy the National Hockey League franchise.

The deal still has be approved by the league's board of governors. When it is completed, probably in February, the Knox family will give up control of a franchise they have owned for its entire 28-year

Rigas, the owner of Adelphi, a cable television company, was brought into the Sabres organization in 1994 as a principal in-

### Wiberg May Miss Games

SKIING Pernilla Wiberg, the World Cup overall champion, might miss the Winter Olympics because of two broken ribs, a Swedish newspaper reported Fri-

The fractures were revealed in X-rays taken Thursday, several days after Wiberg took a hard fall in a race in Lienz, Austria,

Although it is not generally dan-gerous to compete with broken ribs, the pain of the injury could inhibit her performance.

The Olympics are in Nagano, Japan, from Feb. 7 to 22. (Reuters)

### **Indian Captain Is Sacked**

CRICKET Sachin Tendulkar was sacked as India's captain Friday and replaced by the former skipper

Tendulkar's leadership was criticized by the Indian media because of the team's poor showing at last month's Champions' Trophy in Sharjah and the mixed performance against Sri Lanka in a subsequent one-day series.

### Barcelona Is the Best

SOCCER Borussia Dortmund, the European and world club champion is not the top club in the world says the International Federation of Football History and Statistics. The Federation, based in Wiesbaden, Germany, on Friday named Bar-celona the world's top soccer club

Barcelona, which won the European Cup Winners Cup and the Spanish Cup but finished second in the Spanish league, came first on 346 points according to the statisticians calculations.

They awarded Borussia Dortmund 308 points. Juventus, which lost the European final to Dortmund, came in third with 306 (Reuters)

### Fabri Blames His Mother

SOCCER The Brazilian striker Rodrigo Fabri says a contract with the Spanish club Deportivo Coruna was invalid because it had been signed by his mother in his ab-

Real Madrid said Wednesday that it had signed the 21-year-old, although he will remain in Brazil on loan to Flamengo, a club in Río de Janeiro, until June 30, 1999.

But Augusto Cesar Lendoiro, the Deportivo president, then said Rodrigo had also signed for his club and sent copies of the contract to FIFA, the world body, and the Spanish league.

Spanish newspapers reported Friday that Rodrigo's mother, Aprecida Fabri, had signed the disputed contract when her son was in Madrid in August with his Brazilian club Portuguesa for a pre-season tournament.

"He was away with his team and it was very bad to oblige his mother to sign under pressure," said Roberto Carlos, a Brazilian who plays for Real Madrid. (Reuters)

# A Rosy Ending for Michigan's Perfect Season

## Washington State Loses After Late Threat, 21-16

By Malcolm Moran New York Times Service

PASADENA, California — Beneath the darkening skies, Washington State's Ryan Leaf, the most productive passer in the history of the Pacific-10 Conference, maneuvered for one last shot at the Michigan end zone. He needed to go 26 yards to give the Cougars the victory and end Michigan's hopes of its first national title in 49 years

It never happened. For just as the Cougars put themselves in position for an all-or-nothing pass, the 84th Rose Bowl came to an odd, abrupt halt.

With no time-outs left, Leaf spiked the ball into the ground to stop the clock, but it was ruled too late: Michigan's breathless 21-16 victory was complete, and its season was perfect.

The beginning of the Michigan cel-

ebration could not obscure the controversy at the finish. The Wolverines (12-0) held a large lead in the two polls that determine the unofficial championship. But in the final season before the Rose Bowl joins the other major games in the bowl alliance to include the Big Ten and Pac-10 champions, the possibility of a one-sided Nebraska victory over Tennessee in the Orange Bowl on Friday night — in the final game for the Cornhuskers' coach, Tom Osborne could complicate the voting.

"I think it was an official's mistake, personally," said Mike Price, the Cou-gars coach. "It doesn't take two seconds to snap the ball and down it."

With nine seconds to play and the ball on the Washington State 48, the Cougars executed a hook-and-lateral play for a 26-yard gain to the Michigan 26. Leaf passed to tight end Love Jefferson, who lateraled to running back Jason Clayton. The first down stopped the clock with two seconds to play.

Three seasons ago, a tipped 64-yard touchdown pass from Colorado's Kordell Stewart to Michael Westbrook lost a game that Michigan was sure it had won. The play was burned into the

the field in 1994 at Michigan Stadium when Colorado threw the ball for that last touchdown," said Lloyd Carr, then the defensive coordinator and now the Wolverines' head coach. "I wasn't resting for one second. I promise you that."

The Cougars hesitated a moment before racing to the line. The clock started, Leaf took the snap and spiked the ball. But Dick Burleson, the referee from the Southeastern Conference crew, shook his head as Leaf contested the call. Washington State had outgained

Michigan, 398 yards to 379, but was held 26.5 points beneath its scoring average. Brian Griese, the Michigan quarterback who was voted the game's out-standing player, completed 18 of 30 passes for 251 yards. Griese's three touchdown passes included plays of 53 and 58 yards with Tai Streets.

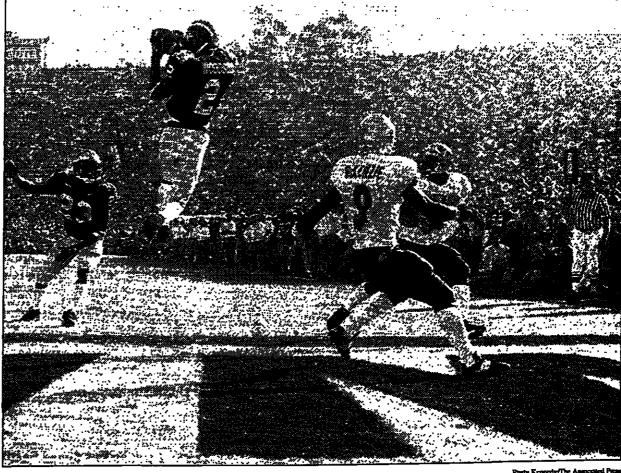
'It's something I never expected," Griese said. "It's something kids dream about. I just wanted to be a part of the team. I just wanted to be part of something special. I never wanted to be the all-star quarterback.

Leaf completed 17 of 35 passes for 331 yards even though the Cougars' rushing game was limited by a calf injury suffered by running back Michael Black, who gained 1,157 yards during the regular season. With Black restricted to 24 yards on seven carries - with just one rush in the second half - the Cougars gained 67 rushing yards.

Washington State, which had been held below 400 total yards just twice this season, produced just 156 yards in

But the Cougars still gave themselves a chance to win. They held Michigan to 21 rushing yards. They took the lead, on Leaf's 15-yard touchdown pass to Kevin McKenzie with three minutes 17 seconds to play in the first quarter. Washington State earned a chance to create a 14-point lead early in the second quarter, driving from its 23 to the

On third-and-eight, in the face of a Michigan blitz, Leaf was forced to scramble out of the pocket to his left. He threw a wobbly pass toward the left



The Heisman Trophy winner Charles Woodson, a Michigan cornerback, leaping to intercept a pass in the Rose

Bowl, watched by its intended target, Kevin McKenzie, No. 9, a Washington State receiver and William Peterson, 23. Jay Feely, out of a field-goal formation, The Wolverines responded quickly. left the Cougars with 93 yards to go and

sideline, intended for McKenzie. Woodson, closing quickly, made a leaping interception to end the drive.

Streets beat Ray Jackson along the right sideline and took Griese's throw for the 53-yard touchdown. The conversion tied the score at 7-7 with 7:08 to

But then the Cougars settled into the efficient offense that had earned them their first Rose Bowl game appearance in 67 years. Leaf completed four of five passes for 73 of the 99 yards. From the Michigan 14, Shawn Tims took a handoff on an end around and beat safety Marcus Ray to the corner of the end zone for a 14yard score. The extra point attempt was blocked and the Cougars led, 13-7.

On their next possession, Griese found Streets behind the cornerback Dee Moronkola for the 58-yard score that helped put Michigan ahead, 14-13.

The Wolverines then produced a 14play, 77-yard drive that took control of

Griese found tight end Jerame Tuman, who beat the freshman safety Lamont Thompson in the right side of the end zone for a 23-yard touchdown and eventually a 21-13 lead.

A 48-yard field goal by Lindell cut the Michigan lead to 21-16 with 7:25 to play. The Wolverines then came up with a 51-yard drive that lasted 6:49. A 23yard punt by the backup place kicker, just 29 seconds to get there. Washington State came close but Michigan got the roses.

### ■ Leaf Heading for the NFL

Ryan Leaf announced Friday that be is leaving college for the National Football League, The Associated Press reported. Leaf, speaking at a news conference one day after the Rose Bowl, said he will skip his senior season at Washington

6-foot-6 (1.98-meter), 240pound (56-kilogram) quarterback finshed third in the Heisman Trophy vot-

## Busby Buries Bitter Bowl Memories

A year ago, Thad Busby led then top-

ranked Florida State into the Sugar Bowl for what was supposed to be a national championship coronation. Three poor quarters later, to a chorus of boos, he was yanked from a 52-20 loss to Florida, the eventual national champion and the Seminoles' hated in-state rival. The Florida State fans cheered Busby

on Thursday night as he led the Seminoles, ranked fourth in The Associated Press poll, to a 31-14 victory over No. 9

### COLLEGE BOWL ROUNDUP

Ohio State at the Superdome in New Orleans. The senior threw for 334 yards, completing 22 of 33 passes, insuring that Bobby Bowden's team will finish among the top four ranked teams in the final poll for the 11th consecutive year. For the first 22 minutes, Bowden and

the Ohio State coach, John Cooper, engaged in an entertaining game of chess.
They used no-huddle offenses, rotating quarterbacks and fake field-goal attempts to move their teams up and down the field. But when the sleight of hand was used up, the Seminoles' passing attack, which averaged 340 yards a game during a 10-1 regular season, proved too much for the Buck-

Busby, who threw for one touchdown and ran for another, and an outstanding group of receivers riddled Ohio State's named the game's most valuable play-

Ohio State's two quarterbacks, Stanley Jackson and Joe Germaine, failed to move the Buckeyes against a swarming Seminole defense. It was Busby's day. He broke Florida

State's season passing yardage record with 3,301, threw for 25 touchdowns and completed 60.3 percent of his passes.

"I think I've earned the respect of the fans," Busby said. "It's even more rewarding after what I went through last

No. 6 Florida 21, No. 11 Penn State 6 In Orlando, Penn State, playing without Curtis Enis, its star running back, and Joe Jurevicius, its star receiver, managed only 139 yards of total offense as it

lost to Florida in the Citrus Bowl.

Enis and Jurevicius were both suspended for the game. Florida (10-2) had its starting tailback and top wide receiver. Both gave huge performances. Fred Taylor rushed 43 times for 234 yards. Jacquez Green had only two catches, but they went for touchdowns of 37 and 35 yards.

Penn State (9-3) found out a yard is a long way to go without Enis. The junior

veteran secondary. The Buckeyes gave rushed for 1,363 yards and scored 19 up only 11 passing plays for more than 26 yards all season. But in the first half season. But he was suspended for acalone, Busby completed three long cepting a suit from an agent, then an-passes that led to scores and a 21-3 nounced he will enter the NFL draft. He halftime lead. E.G. Green made seven would have been useful when Penn catches for 176 yards and a TD and was State failed on fourth and goal from the 1-yard line twice in the second quarter.

Jurevicius, who made 39 catches for 817 yards and 10 touchdowns this season, was suspended by Joe Paterno, the Penn State coach, because of his academic performance.

The last time the Nittany Lions were this bad in a bowl game was in 1962 --against Florida in the Gator Bowl.

Florida rushed 59 times and made only 19 pass plays.
"We just handed the ball off to Fred

and tried not to beat ourselves," said Steve Spurrier, the Florida coach. "I hope we can pitch it around a little better next year, but right now, we're not a real great pitching team."

No. 7 North Carolina 42, Virginia Tech s The Tar Heels put on an impressive show against the Hokies in the Gator Bowl in Jacksonville.

Chris Keldorf, the North Carolina quarterback, completed 17 of 28 for 290 yards — 161 in the first quarter — and pressed for three toylcholars. Dec 281.

passed for three touchdowns. Dre' Bly, a cornerback, blocked one punt and recovered another for a score, and the defensive end Greg Ellis recovered a fumble in the end zone that gave the Tar Heels a 22-0 lead 15:07 into the game.



In Lapret-/The Associated Press
Florida State's Thad Busby passing.

The victory was an impressive debut for Carl Torbush, who took over as coach three weeks ago, after Mack Brown left for Texas.

No. 5 UCLA 29, No. 20 Texas A&M 23 In Dallas, UCLA wiped out a 16-point deficit to snag the Cotton Bowl.

The tight end Ryan Neufeld ran five yards with 7:05 left for his first rushing touchdown to complete the comeback for the Bruins. Cade McNown threw two touchdown passes and ran for a third. Skip Hicks gained 140 yards for UCLA, which won its 10th straight

A&M (9-4) was led by linebacker Dat Nguyen, who intercepted a pass and had

## Patriots Seek Revenge in Inhospitable **Pittsburgh**

By Thomas George New York Times Service

New England (11-6) at Pittsburch (11-5) On Dec. 13 in New England, Pittsburgh trailed 14-0, then 21-13, before winning in overtime, 24-21. On Saturday, the Steelers are at home at Three Rivers Stadium where they have won 12 of 16 postseason games and won five straight against the Patriots. New Eng-

NFL PLAYOFF MATCHUPS

land needs strong run defense against Jerome Bettis. It must also produce a physical game and show stamina to withstand Kordell Stewart's finishing push. The Patriots will surprise. Prediction: Patriots,

Minnesota (10-7) at San Francisco (13-3) Confidence is soaring among the Vikings, especially after they rallied in their startling playoff victory over the Giants. Minnesota hits the road again Saturday at 3Com Park, where on Dec. 12 it lost to San Francisco, 28-17. The Vikings couldn't block Chris Doleman nor quell the 49ers' passing game. Familiarity will help Minnesota, but Steve Young's arm makes the 49ers winners. 49ers, 24-20.

Tampa Bay (11-6) at Green Bay (13-3) The Tampa Bay defense — Pro Bowl linebackers Derrick Brooks and Hardy Nickerson flow to the ball and punish — again meets one of the league's most productive offensive players (Barry Sanders of the Lions last week, quarterback Brett Favre this week). Sunday's result, however, hinges on the Green Bay defense vs. the Tampa Bay offense. This is Green Bay's edge. Packers, 25-16.

Denver (13-4) at Kansas City (13a) The Broncos and the Chiefs habitually compete for regular-season dominance of the AFC West, and on Sunday they meet for the first time in the postseason. Denver has two 1,000-yard pass catchers (re-ceiver Rod Smith and tight end Shannon Sharpe), a 1,500-yard rusher (Terrell Davis) and a 3,000yard passer (John Elway).

But Kansas City led the conference in interceptions (21), earned 54 sacks and allowed only 91 secondhalf points. Also, Kansas City is unbeaten (8-0) at home this season. Linebacker Derrick Thomas and cornerbacks Dale Carter and James Hasty will spark a Kansas City victory. Chiefs. 20-17.

## **Iverson and 76ers** Tame the Grizzlies

The Philadelphia 76ers rode Iverson's scoring and passing to a 115-104 victory ing the last few games," Iver-Thursday over Vancouver, son said. "I just tried to get

"Early in the game when I saw him pushing it and dish- from the free-throw line, going it out, getting people in-volved. I kind of sensed that he was really conscious about getting everyone involved," early.

"That's what I have been "That's what I have been

coach. "I thought he looked like he was having fun for a change, that was the key."

Iverson took control late in third quarter, scoring 10 points over the final four minutes as Philadelphia took tonight." the lead to stay in the only National Basketball Association game played Thursday. for Philadelphia, while Mark

with Brown's assessment that Thomas added 15.

Allen Iverson had fun in that life has not always been Vancouver and the Grizzlies easy on a team with an 8-21 record.

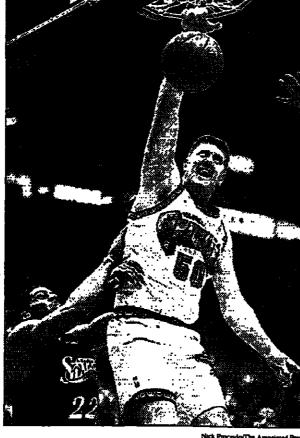
"I was having fun. I got my shot back, I had been slump-The second-year point guard into a groove and made a had 29 points and 11 assists as couple early, then coach kept six 76ers scored in double fig- coming back to me." Iverson, who shot 11-of-20

from the field but struggled ing 7-of-14, said he made a conscious effort to move the ball around to his teammates

trying to do all season, trying not to do too much out there. overshadow my teammates. Hit them when they're open, try to keep them happy,'

Iverson said. "Fortunately it worked out

Jim Jackson had 21 points. six rebounds and five assists Iverson was quick to agree Davis had 16 points and Tim



Nick Proceylo/The Asso Vancouver center Bryant Reeves soaring above Philadelphia's Clarence Weatherspoon for the dunk, front of the net.

## Ottawa Is Scoreless, Again

Senators Tie Bruins, 0-0, for 2d Pointless Game

The Associated Press

The Ottawa Senators failed to score for the second straight game. But at least this time, they didn't lose. With Damian time, to lift Florida over New Jersey. Rhodes making 24 saves, the Senators played the first scoreless tie in their six- games at home for the Panthers. They year history Thursday night, matching zeros with the Boston Bruins.

"We had some good chances tonight and I missed a few," said Alexei Yashin, Ottawa's leading scorer. "But the final

NHL ROUNDUP was 0-0 - not a good hockey score. A

lot of fans are disappointed, but we'll take the road tie." The Senators, who were shut out 3-0 by Buffalo's Dominik Hasek in their

previous game Wednesday night, have rebounds in a 45-second span late in the now gone 147 minutes without a goal. Boston's Byron Dafoe made 27 saves as the Bruins played their first scoreless tie since 1970 and their first at home since 1955. Neither team had many good scoring

chances in the first two periods, but the Bruins had a pair in the overtime period. On the first, Rhodes stopped Tim Taylor as he tried to slip the puck in from behind the net. On the second, Rhodes thwarted P.J. Axelsson from directly in

The victory was only the fifth in 22

wore their red road uniforms for the first time at home this season while trying to turn things around. Capitals 3, Mighty Ducks 2 Adam Oates scored on a breakaway with 31.4

seconds left to lead Washington to victory over visiting Anaheim. Oates, who also had an assist, stole the puck from Warren Rychel near center ice, broke in alone and fired a shot past

goaltender Guy Hebert. Blackhawks 3, Maple Leafs 3 Alex Zhamnov and James Black scored on third period, rallying Chicago to a tie

with visiting Toronto.

Toronto had taken a 3-1 lead with 10:54 left in regulation time on Mats Sundin's goal — the Maple Leafs' first power-play score in 15 games and 59 attempts. Toronto had gone 0-for-51 with the man advantage in December, last scoring on the power play Nov. 29.
Coyotes 4, Kings o In Phoenix, Nikolai

Khabibulin made 23 saves for his fourth

shutout of the season as the Coyotes beat

**SPORTS** 

# صكدا من الأصل

## Helen Moody Is Dead at 92; Won 31 Major **Tennis Titles**

The Associated Press

CARMEL, California - Helen Wills Moody, 92, who won eight Wimbledon titles and was one of the premier figures in America's golden era of sports, died Thursday in Carmel, California.

Moody, who ruled tennis in the 1920s and '30s, was known for hitting harder than any other woman at the time. She won 31 major titles, including

seven championships in the United States and four in France. Nicknamed 'Little Miss Poker Face' and 'Queen Helen,' Moody won her first U.S. championship in 1923 and retired after winning Wimbledon in

1938 and led a reclusive life.

She was 18-2 in singles matches at the Wightman Cup, a showcase event between Britain and the United States. Moody, whose trademark white eye-

shade became an enduring tennis fad, learned the game without ever taking a lesson after watching players at the Berkeley Tennis Club in California. "Children are great imitators," she said. "I watched the seniors play and the

visiting Australian champions. One year after she started playing at age 14, Moody won the national tennis championship for girls. She was just 17 in 1923, when she won the U.S. wom-

en's singles championship - the youngest champion up to that time. She won an gold medal in Paris in 1924 in the last tennis competition in the Olympics until the 1988 Seoul Games.

Moody was inducted into the International Tennis Hall of Fame in 1959. She wrote three books, including her autobiography '15-30: The Story of a Tennis Player,' published in 1937. In the 1920s, she also wrote a tennis in-

struction book and a mystery, "Death Serves an Ace," published in 1937. She was also an accomplished artist, with her drawings and paintings exhibited in the United States and abroad. She was divorced in 1937 and remarried two years later.

SCOREBOARD

BASKETBALL

NBA STANDINGS

Alew York 17 12
Crimate 17 13
New Jarsey 16 13
Washington 16 16
Baston 14 14
Philosologista 8 21

Kevengeil

Pittsburgh



STANDING FIRM— Celtic's Enrico Annoni, left, tackling Rangers' Brian Laudrup in Glasgow's Old Firm derby Friday. Craig Burley and Paul Lambert scored as Celtic shut out the Premier League leader. Celtic had not beaten its rival in their last 11 league meetings.

W L T Pls GF GA 21 8 12 54 124 97 16 17 7 39 112 114 14 20 5 33 94 108 13 21 7 33 95 125 11 20 9 31 92 119 11 23 8 30 106 128

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Florida None. Second Period: N.J.
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Manderroayer 5. (Whitney, Aleicamayer
Sacts as god

Australia dropped Bevan as a test batsman during the tour to England in July, but turned to the left-arm wrist-spinner as support for leg-spinner Shane Warne. Bevan responded by dismissing Herschelle Gibbs for 54 and Brian Mc-

Sydney Cricket Ground. He finished with figures of two for 41

in 20 overs, the best performance by an Australian bowler on a day of often painfully slow scoring by South Africa. South Africa captain Hansie Cronje, who earlier won the toss, remained unbeaten on 56, his 10th test half-century

Jacques Kallis, whose century helped save the first test in Melbourne, fell when he wandered away from his wicket and was run out by fielder, Ricky Ponting. The start of play was delayed by 30 minutes to allow a waterlogged area to

am tired of this." watered an adjacent wicket Thursday.

## The 'Other Oksana' of Ice Skating:

### Now Pasha Grishuk, She Heads for Another Olympic Title

By Jere Longman
New York Times Service

"UNICH — They were both named Oksana, they both won gold medals in figure skating at the 1994 Olympic Winter Games and they both had blond-from-a-bottle hair. Even Dick Button, a two-time Olympic champion and noted skating commentator, said last year that he had spoken to Oksana Grishuk for several minutes, believing she was Oksana Baiul.

Skating for Russia, Oksana Grishuk and her partner, Yevgeni Platov, won a gold medal in ice dancing at the 1994 Games in Lillehammer, Norway, and remain undefeated since then - 20-consecutive victories. They are heavily favored to win a second gold medal in February at the 1998 Winter Games in Nagano, Japan. But even knowledge-

able skating people have had difficulty telling one Oksana from the other. So, last September, Grishuk did something about it. She changed her name from Oksana to Pasha, which evokes for her the passion with which she lives her life and performs her skating.

"If I am taking a name for the rest of my life, it should be one that reflects my personality." said Grishuk, 25. "I am a passionate person."

Grishuk was abandoned by her father at a young age and grew up strong-willed and independent. She has pinballed from one coach to another. She has had heated confrontations with other skaters, aspires

to be a movie star and skates with such speed, energy, emotion and technical expertise that she and her partner are in

a class by themselves. "I got tired of being confused all the time with Oksana Baiul," Grishuk, said. "I'd call to make a dental appointment, I'd say my name and the person would say, 'Ok-sana, Oksana Baiul.' I would say, 'No, Oksana Grishuk,' and they would say, 'No, Oksana from the Olympics.' I

There is no love lost between Grishuk and Baiul, Pasha Grishuk and her partner Yevgeni Platov.

whom Grishuk called the "bad Oksana, the criminal Oksana," in reference to a car wreck Baiul had while driving under the influence of alcohol.

Sometimes her passion has brought unwanted consequences. Formerly, Grishuk and Platov were coached by Natalya Dubova and were training partners of the two-time Olympic medalists Maia Usova and Alexander Zhulin. After the 1992 Winter Games, at which Usova and Zhulin won a bronze medal, while Grishuk and Platov finished fourth, Grishuk had a widely reported affair with Zhulin, who was married to Usova.

As recounted in David Wallechinsky's "The Complete Book of the Winter Olympics," Usova got her revenge during a post-Olympic skating tour when she "walked into Spago's restaurant in Hollywood, saw Grishuk sipping a margarita at the bar, came up behind her, grabbed her hair and smashed her head against the counter." The International Skating Union's me-

dia guide says Dubova, the coach, then "chased her away" after Grishuk "had a love affair with another ice dancer." Grishuk said recently, "I was not

chased away; I just left. Last summer, in another confrontation reported to be boyfriend-related, Grishuk said she was struck by the

American skater Nicole Bobek When channeled into ice dancing,

Grishuk's passion is forceful and pro-ductive to the point of invincibility. She can be difficult to work with," said

Platov, her partner. "It's hard to change her mind. She fights every step. But it

works out. That's why she is so good." Around members of the media, she is among the friendliest and accessible of skaters. After her recent victory in the Champion Series Final, Grishuk sat in her fur coat and spoke with a French reporter for nearly an hour, eagerly answering questions ranging from skating to mar-

riage to her incipient acting career. 'People say I am like Madonna, but I don't want to be like Madonna," she said, adding that she preferred to model herself after Sharon Stone.

After winning a gold medal in 1994, Grishuk and Platov moved to the United States where they could find better training conditions, more opportunities to earn a living and a better life than in the fractured, chaotic former Soviet Union.

This season, Grishuk and Platov are performing a powerful free-dance routine called "Memorial." The music was composed by Michael Newman, a Briton, in memory of those who died in a soccer riot. Grishuk and Platov have expanded the symbolism to eulogize skaters and coaches who have died recently, as well as those who were killed in Sarajevo during the Bosnian conflict. Grishuk performs the routine in a costume that contains a large white cross down the front.

"We want others to understand how tragic it is to miss people who have put their souls and their talents and their lives into figure skating," Grishuk said.

As they continue to push the rules of ice dancing, which seems to rely on reputation as much as performance. Grishuk and Platov are never more than a stone's throw from controversy. At the 1994 Olmpics, they won despite breaking the rule that prohibits dancers from being apart for more than five seconds at a time.

This season, they have been penalized for lifts that stretched the rules, and have won every competition despite falling twice. If they can continue their streak, they would be the first ice dancers to repeat as Olympic champions.

Charlotte Observer Marathon. CRECKEY, Dhaka, Bangladesh — India

West Shrine Clossic.

skilmec, Schladming, Austria — men.
Alpine World Cup, skilone Maribor, Slovenia
— women, Alpine World Cup, giant skalom.
Rumsau, Austria — men. Nordic World Cup.

SUNDAY, JAN. 11

ATHLETICS, Amoberieta Spain - men.

Africa. Cartion and Union One-Day Series.

n, World Cross Country Challenge: Or-

FOOTBALL Stanford, California

## **Spinner Rocks South Africa**

SYDNEY - Michael Bevan, who has failed as a test batsman, justified his recall for Australia as a specialist spin bowler, claiming two wickets Friday as South Africa labored to 197 runs for five on the first day of the second cricket test.

Millan for six in the final session at

and second in successive tests, after occupying the crease for four hours.

dry after ground staff excessively

(Quint, Roenick) (pp). Third Period Phoenix, Ronning 5 (Gartner, Shannon) 4

FOOTBALL

COLLEGE BOWL GAMES

CITERIS BOWL

CRICKET

Australia ys. South Afri Sedond Test, First Day

PRIDAY IN SYDNEY Airkox: 197 for five in 97 overs ZIMBASWI YS. SRI LANKA BOARD XI THREE-DAY MATCH, FIRST DAY

ICE HOCKEY, Helsinki, Finland — World Junior Championship.

TRANSITIONS NATIONAL LEAGU Staned LHP Jim Cro

COLLEGE
AUBURH—Suspended LB Outmon Reese,
DL Jeff Dunlap, WR Cliffon Robinson and CB

THE WEEK AHEAD SATURDAY, JAN. 3

ATHLETICS, Durham, Britain — mo ornen, World Cross Country Challeng

Inampionship. Na, Kranjska Gora, Slavenia — men,

SUNDAY, JAN. 4

FIGURE SKATING, Philadelphia — men. Franks Sk. Crampion Ships, to John T. T. SK. BND., Kranjska Gord. Slovenka — m Ipine World Cup, slolom. Kovgolovo, Rus - women, Nordic World Cup, 10K freesty secs Jummenc, Innsbruck Austria — World Cup, Four Hills, 110K hill. Yesense, Perit. Australia — Hopman Cup.

Monday, Jan 5

SICIBICA. Bormic, tipty — women, Alpine World Cup, sialom. Reit im Warld, Austria — Nordic Combined, World Cup.

\*\*\*TENBRIS\*\*, women: Auckland, New Zealand

— ASB Bank Classic to Jan. 10; Gold Coast, Australia — Austrulian Women's Hardcourt

Championships, to Jan. 11. Merc Doha, Gater

— Gotur Mobil Open, to Jan. 11; Adelaide, Australia — Austrulian Men's Hardcoert

Championships, to Jan. 11.

nampionships, to Jan. 11.
LUGS, Oberhof, German
nampionships, to Jan. 11. TUESDAY, JAN. 6

sicmea, Bormio, Holy — women, Alpine orld Cup. Four Hill 120K hill. land — World Cup, halfpipe,

WEDNESDAY, JAN. 7 CRICKET, Colombo, Šri Lanka — Sri Lan-

CRECKET, Colombo, Sri Lanka — Sri Lanka Ku s. Zimbobwe, first lest, to Jan. 11.

SECIMO, Nove Mesta, Czech Republic — men, women, Nordic World Cup, cross-county, 10K classic (men).

SMYSEMILION. Perth. Australia — men

THURSDAY, JAN 8 SKLIBIG. Schlodming. Austria — men. Igine World Cup, super-gizni sigiom. SLATHLON. Rubpolding. Germany — World Cup, to Jan. 11.

sectioned, Romeou, Austria — women, Nordic World Cup, cross-country, 5K classic Nordic Combined, Jan. 10. Mt. Trembland, Condo — Freestyle World Cup, acroski (7), cericls (10), magus (11), to Jan. 11.

secompto Arosine, Grachen, Switzer-tand — World Cup, glant skalom, parallel slalam, to Jan. 10.

separate Arosic. Heldrick, Finland —

SATURDAY, JAN 10 ATHLETICS, Richmond, Virginia -East



### **PEANUTS**

Philadelphia 27 30 25 33...115 (ascessver 33 22 23 25...184 P: Iverson 11-20 7-14 29, Jackson 8-12 4-4

P: Nerson 11-20 7-14 29, Jackson 8-12 4-4 21; V: Abdur-Rohlm 9-165-11 23, Echwards 9-15 9-0 21. Rebounds—Philodelphia 54 (Radilif 9), Vancouver 40 (Abdur-Rohlm 12). Assists—Philodelphia 25 (Iverson 11),

ICEHOCKEY



TALKED SARGE INTO GIVING US

A PASS TO

BLONDIE

I haven't been outside here today so I don't know if its warm ož cold.

Chicago
Fioti Period: T-D.King 6 (Donk Sollivori)
Saconal Period: C-Shortiz 6 (Miller) 3. TSellivori 6 (Proclocka) Third Period:
Sendin 15 (Kosslev, Schneider) (pp). 5. C
Zhosmov 7 (Amortie, Weinrich) 6, C., Blocki.

Zhommov 7 (Amortie, Weinrich) 6, C., Block 8 (Daze, Challos) Overfitnie: None. Shots on gest: T- 6-14-53—28. C- 11-11-12-1—35. Geoffies: T-Potvin. C-Hocketi.













CALVIN AND HOBBES



YOU





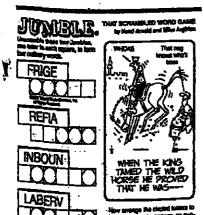
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THAN ENOUGH

to be your

PRESS SECRETARY

GARFIELD



0 BEETLE BAILEY I FINALLY

LET'S

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PACKAGE

### NON SEQUITUR

LONG HAVE YOU

BEEN IN THE



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or representative.







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### Dare to Be a Better Person

Make some New

MIAMI — Right now, while you're reported. "Also, we found ourselves eating Twinkies by the case." So we see that keeping resolutions puffs you consumed on New Year's Eve, is the time to make your New Year's resolutions.

Why make resolutions? Because you CAN be a better person. I bet you know somebody who seems to be perfect somebody who always looks terrific; somebody who manages to devote plenty of time to both family and career, somebody whose house is spotless, whose children are well-behaved and whose dog does not smell as if it sleeps on a bed of decomposing raccoons. You wonder how that person "does it

don't you? Well, stop wondering and do something! Start right now! Get up off the sofa, put on some active sportswear, and kill that person with a crowbar!

Year's resolutions to become a more attractive you. No. seriously, you need to make some New Year's resolutions so that you can become a better you -- a

you that is . . . well, less like you.

At this point you are saying: "Dave, I would love nothing better than to be less like myself, but every year I make the same New Year's resolution, which is that I will lose weight, and currently my thighs are the diameter of the trans-Alaska pipeline."

more attractive you; an organized you; a

Don't feel bad! Many people have trouble sticking to their resolutions, and there is a simple scientific explanation for this. In 1987, a team of psychologists conducted a study in which they monitored the New Year's resolutions of 275 people.

After one week, the psychologists found that 92 percent of the people were keeping their resolutions; after two weeks, we have no idea what happened, because the psychologists had quit mon-

itoring.
"We just lost our motivation," they

### Merce Cunningham Group To Dance at Paris Opera

PARIS — Merce Cunningham, one of the most influential choreographers of his generation, is bringing his American company to the Paris Opera for two weeks, beginning Tuesday. Cunningham, 78, still performs reg-

ularly, seeking new avenues of movement to explore in art.

His company will perform two programs at the Palais Garnier. The first, to Jan. 11, includes "Rune," created in 1959, and "Event 1998," a set of dances created for the Opera. The second program, from Jan. 13 to 17, will include a world premiere, "Pond Way."

can be difficult. But you ČAN do it, if you follow these practical tips:

1. BE REALISTIC. Many people give up because they "set their sights too high." In making a

New Year's resolution, pick a goal that you can reasonably expect to attain, as we see in these examples: Unrealistic Goal: "In the next month,

I will lose 25 pounds. Realistic Goal: "Over the next year,

taking it an ounce or two at a time, I will gain 25 pounds, and my face will bloat like a military life raft.

Unrealistic Goal: "I will learn to speak Chinese.

Realistic Goal: "I will order some Chinese food." Unrealistic Goal: "I will read a good book.

Realistic Goal: "I will examine the outsides of some good books, then waddle over to the part of the bookstore where they sell pastries."
Unrealistic Goal: "I will do volunteer

work for a worthy cause."

Realistic Goal: "I will give myself a

hearty scratching."
2. THINK POSITIVE. To succeed, you must believe in yourself. Write this motivational statement in large letters on a piece of paper and tape it someplace where you will

see it often, such as on the inside of your eyeglasses:
"I CAN do it, and I WILL do it!

Starting next year!"
3. LEARN FROM YOUR MIS-

Let's say that, like millions of weight-conscious Americans, you think you eat sensibly: Your diet consists almost exclusively of mineral water and low-calorie, low-fat foods. And yet you're still gaining weight. Why? I'll tell you why: You're drinking water with minerals in it. Minerals are among the heaviest substances in the universe, second only to guests on the Jerry Springer show. Think about it: The Appalachian mountains and most major appliances are essentially big wads of minerals, and you're putting those things into your body. No wonder

you're gaining weight!
FACT: The word "Perrier" is French for "balloon butt."

I have run out of room here, thank God, so let me say in closing that I wish you the best of luck with your 1998 resolutions, and I will do the best to keep my own resolution, which is to give you, every single week, the most useful, informative and accurate columns I possibly can. Starting next year.

A The Miami Herald Distributed by Tribune Media Services

# Can They Stand the Heat? The Art of the Insult

PARIS — This is the time for polite postholiday lies: "Just what I always wanted," "Of course it fits," "Stop worrying darling, no one noticed a thing." Perhaps as an antidote it is also the time for speaking out rudely. Leave it to writers

Writers are sometimes kind about each other but this is usually in the

### **MARY BLUME**

category of literary log-rolling, writes James rolling, writes James Charlton in "Fighting Words," a short and poisonous anthology of writers lambasting each "Venom and other. abuse," he says, "that's what comes from the

It's a tough view sub-stantiated by 400 quota-tions that start with Aristophanes on Euripides ("A cliché anthologist ... and maker of ragamuffin manikins") and go on to Norman Mailer on J.D. Salinger ("The greatest mind ever to stay in prep school"). In between, things are no better. Life in the Mermaid Tavern, for example, may have been convivial, but Ben Jonson

got it centuries later when Tennyson said "reading him is like wading through glue."

denied the faculty of verse" and that faced bluestocking. ... Altogether she Browning "has plenty of music in him, but cannot get it out." Then Tennyson woman I have ever seen." got it from Chesterton ("He could not think up to the height of his own towering style"), while in turn Chesterton got it from Pound, who likened him to 'vile scum on a pond.''

Pound, of course, got it from everyone - Nabokov, for one, called him "that total fake" — and so it goes, with every pronouncement bringing its punishment, often deserved. Byron was surely unkind to call genial Geoffrey Chaucer "obscene and contemptible," but then Byron was repaid in spades:

"He seems to me the most vulgarminded genius that ever produced a great effect in literature." (George Eliot) "He had not the intellectual equipment

of a supreme modern poet; except for his genius he was an ordinary 19th-century English gentlemen, with little culture and no ideas." (Matthew Arnold) Of course neither Arnold nor Eliot was exempt from their colleagues'

bitchery. 'Not as handsome as his photographs — or his poetry," said Henry James of Arnold; while of Eliot he Tennyson further pronounced that claimed in his maidenly way to have "Carlyle is a poet to whom nature has fallen in love with "this great horse-

> T.S. Eliot's put-down of James is deservedly famous: "Henry James has a mind so fine no idea could violate it." H. G. Wells ends a section on James's style, "He spares no resource in telling of his dead inventions. . . . His vast para-graphs sweat and struggle; they could not sweat and elbow and struggle more if God himself was the processional meaning to which they sought to come."

At least this is literary criticism; both George Eliot and Jane Austen were slated by their peers simply for being women. "I dislike Jane, and am prejudiced, in fact, against all women writers. They are in another class. Could never see anything in Pride and Prejudice,' " Nabokov wrote Edmund Wilson, who defended Austen: "Her quite unlike that of the typical woman Kingsley Amis, he "seems to me to their wish has been granted.

THE French writer Bern-

1 ard Clavel turned down the Legion of Honor he was awarded this week. Rated the third most popular author in France, Clavel said he pre-

ferred to join the illustrious ranks of Hector Berlioz, George Sand, Guy de Maupassant and Marcel

Ayme, all of whom also had refused France's highest honor. "I feel better to be in the

shadow of such giants than to be part of the big crowd of

people among whom those who earned the distinction

are mingled with the many who paid for it," Clavel said

The busiest member of the British royal family in 1997

was Princess Anne, accord-

ing to a devoted analyst of the

Windsor workload. Anne

carried out 642 official engagements, 24 ahead of her mother, Queen Elizabeth II.

home and overseas is an increase of 108 over 1996," O'Donovan wrote. He ad-

A secret tunnel of love reputed to

have been used in the 17th century by

King Charles II of England to visit one

of his mistresses probably never existed, archaeologists say. The alleged

tunnel between the royal residence in Newmarket in eastern England and Nell

Gwyn's cottage nearby is almost cer-tainly a myth, the Daily Telegraph re-

ported. However, a Victorian-era man-

sion now standing on part of the old palace was used by another couring

novelist, who exploits her feminine suffer from American cleverness: the daydreams."
Even the wickedest tongue is ap-

parently incapable of being beastly to P.G. Wodehouse although Sean O'Casey called him "English literature's per-forming flea." "Thinking it over," Wodehouse reflected, "I believe he meant it to be complimentary, for all the performing fleas I have met have im-pressed me with their sterling artistry and their indefinable something which makes a good trouper.

Hemingway fires on everyone in range, then comes into Gore Vidal's sights: What other culture could have produced someone like Hemingway and not have seen the joke?" (quoted in Peter Kemp's splendid Oxford Dic-tionary of Literary Quotations). Vidal is our only remaining world-class literary lambaster.

On Solzhenitsyn: "He is a bad nov-elist and a fool. The combination usually makes for great popularity in the United States." On Truman Capote:

fear of being thought stupid, or dull, or behind the times, I think that's a very bad attitude for the novelist to adopt." As always, Oscar Wilde — "the amiable, irresponsible, esurient Oscar," said

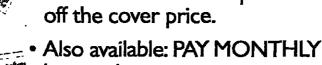
Whistler in the peroration to a massive insult — is impossible to resist. Of George Bernard Shaw: "An excellent man: He has no enemies, and none of his friends like him." Of Henry James:
"Mr. Henry James writes fiction as if it akes a good trouper." were a painful duty." Of himself: "It is That infinitely bad trouper Ernest curious how vanity helps the successful man and wrecks the failure. In old days half my strength was my vanity.

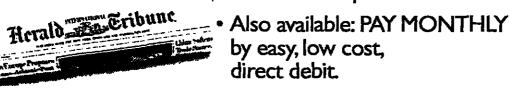
But peace: Charlton and the small Algonquin Books of Chapel Hill Press in North Carolina have produced enough bile to burst the season's inflamed livers. Let us end with a sage observation from the New York writer Fran Lebowitz -- "I prefer dead writers because you don't run into them at parties" -- and a sager one from W.H. Auden, quoted in Kemp's anthology:

"No poet or novelist wishes he were greamess is due precisely to the fact that her attitude toward her work is like that of man, that is, of an artist, and guite unlike that of the trained man. The trained man artist, and guite unlike that of the trained man.

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## **PEOPLE**



The count was compiled by ON THE SLOPES - Prince Harry, left, and his cousin Zara Phillips, Princess Tim O'Donovan, a retired insurance broker, who files his reports each New Year in Anne's daughter, taking a ski lift in the Swiss resort of Klosters. Harry and William were accompanying their father, Prince Charles, on his annual ski vacation. a letter to the editor of The

Times of London. "The Royal Family's total of 3,820 official engagements at ded that 25 percent "of all U.K. engagements were carried out on behalf of charities."

hear Olga Borodina, then cheered when Marilyn Horne stepped in for the flu-stricken mezzo-soprano. Horne had planned to be a spectator at Avery Fisher Hall for the annual New Year's Eve pension benefit of the New York Philharmonic. But after a frantic call from Deboret Bonds at Land. Deborah Borda, the Philharmonic executive director, Home agreed to replace Borodina, and sang arias from "Carmen" and "Samson et Dalila."

The rap superstar Notorious B.LG., killed in March in a drive-by shooting in Los Angeles, continues to dominate the pop music scene. In his most recent honor, he was named the winner of Vibe

said, Edward VII and his mistress Lillie Langtry often visited the residence.

I magazine's album of the year. "Parting words from the MC with the majestic voice, compelling flow, and superb lyrics," the magazine said of the rapper's final effort, fixed "Life After Death." No arrests have been made in the murder of the 24-year-old rapper, whose real name was Christopher Wallace.

> In the Costa-Gavras film "Mad City." John Travolta was originally cast as the eager reporter and Dustin Hoffman as the hapless janitor. The trouble was, Travolta did not think he could bring anything original to either role. "Then I get this call from Dustin while he's having dinner in a restaurant, and we're talking for something like 45 minutes. Travolta said. "He's trying to convince me what I can do with this part." Thus Travolta landed the role of the frustrated janitor who turns hostage-taker.

# Hollywood's Rosy Year Clouded by Growing Costs

By Bernard Weinraub New York Times Service

OS ANGELES — It was a record

year at the box office for Hollywood, but the news was not quite as rosy

On the one hand, filmgoers spent more than \$6.2 billion on tickets, a re-cord figure, with "Men in Black" and "The Lost World: Jurassic Park" leading the way. That was a 7 percent gain over the 1996 record, which was \$5.76

But the rise in box office revenue was generated partly by higher ticket prices.

Figures compiled by Entertainment Data Inc. show that the 10 top grossing

And Hollywood studios, which made films released in 1997, as of Dec. 28. most of the films, will probably derive were: little benefit from the record because their own production and promotion

costs have soared. "Revenues are simply not growing as much as costs," said Larry Gerbrandt, a senior analyst at Paul Kagan and Associates, a media research firm.

Not counting the re-release of "Star Wars," the number of tickets sold was estimated at just over 1.3 billion, which was only a few percentage points higher than in 1996.

"Men in Black," \$249.8 million;
"The Lost World: Jurassic Park,"

\$229.1 million; "Liar, Liar," \$181.4 million;
"Air Force One," \$171.8 million;
"Star Wars," \$138.3 million;

"My Best Friend's Wedding." \$126.7 million; "Face/Off," \$112.3 million; "Batman and Robin," \$107.3 mil-

'George of the Jungle," \$105.2 mil-

lion:
"Con Air." \$101.1 million.

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